

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2021 AND 2020**

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Edmondson, Betzler & Dame
Certified Public Accountants
INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Junior Achievement of Middle Tennessee, Inc.

We have audited the accompanying financial statements of Junior Achievement of Middle Tennessee, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of Middle Tennessee, Inc., as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Edmondson, Betzler & Dame, PLLC

August 30, 2021

JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS			
		2021	2020
CURRENT ASSETS			
Cash and cash equivalents		\$ 1,267,611	\$ 732,535
Contributions receivable currently due, net		279,719	509,710
Prepaid expenses and other current assets		<u>30,075</u>	<u>34,072</u>
Total current assets		<u>1,577,405</u>	<u>1,276,317</u>
Non-current contributions receivable, net		319,376	424,578
Property and equipment, net		<u>1,697,489</u>	<u>1,953,789</u>
Total long term assets		<u>2,016,865</u>	<u>2,378,367</u>
TOTAL ASSETS		<u><u>\$ 3,594,270</u></u>	<u><u>\$ 3,654,684</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses		\$ 24,783	\$ 29,289
Deferred revenue		170,176	269,450
Current portion of notes payable		<u>23,998</u>	<u>121,576</u>
Total current liabilities		<u>218,957</u>	<u>420,315</u>
LONG TERM LIABILITIES			
Notes payable, net of current portion		<u>172,241</u>	<u>134,314</u>
Total long term liabilities		<u>172,241</u>	<u>134,314</u>
Total liabilities		<u>391,198</u>	<u>554,629</u>
NET ASSETS			
Without donor restriction		2,297,399	2,124,946
With donor restriction		<u>905,673</u>	<u>975,109</u>
Total net assets		<u>3,203,072</u>	<u>3,100,055</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 3,594,270</u></u>	<u><u>\$ 3,654,684</u></u>

The accompanying notes are an integral part of these financial statements.

JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support						
Contributions:						
Corporations	\$ 93,054	\$ 93,500	\$ 186,554	\$ 111,497	\$ 164,350	\$ 275,847
Individuals	112,558	4,760	117,318	85,505	112,289	197,794
Foundations	352,680	158,713	511,393	255,661	90,200	345,861
Total contributions	558,292	256,973	815,265	452,663	366,839	819,502
Special events	472,758	-	472,758	333,782	-	333,782
Government grant - PPP loan forgiveness	140,500	-	140,500	-	-	333,782
Other	45,485	-	45,485	19,521	-	19,521
Program fees	45,330	-	45,330	108,085	-	108,085
In-kind contributions	39,997	-	39,997	28,981	-	28,981
Interest	5,500	64	5,564	5,500	4,846	10,346
Merchandise sales	57	-	57	2,574	-	2,574
Net assets released from restrictions	326,473	(326,473)	-	1,697,448	(1,697,448)	-
Total revenues and other support	1,634,392	(69,436)	1,564,956	2,648,554	(1,325,763)	1,322,791
Expenses						
Functional expenses:						
Program services	1,018,660	-	1,018,660	1,156,818	-	1,156,818
Management and general	162,600	-	162,600	194,308	-	194,308
Fundraising	156,131	-	156,131	189,825	-	189,825
Total functional expenses	1,337,391	-	1,337,391	1,540,951	-	1,540,951
Special events	124,548	-	124,548	93,975	-	93,975
Total expenses	1,461,939	-	1,461,939	1,634,926	-	1,634,926
INCREASE (DECREASE) IN NET ASSETS	172,453	(69,436)	103,017	1,013,628	(1,325,763)	(312,135)
NET ASSETS, BEGINNING OF THE YEAR	2,124,946	975,109	3,100,055	1,111,318	2,300,872	3,412,190
NET ASSETS, END OF THE YEAR	\$ 2,297,399	\$ 905,673	\$ 3,203,072	\$ 2,124,946	\$ 975,109	\$ 3,100,055

The accompanying notes are an integral part of these financial statements.

JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Activities				Supporting Activities		Total
	Education	JA Biztown	JA Finance Park	Programs Subtotal	Management and General	Fund Raising	
Salaries and benefits	\$ 109,138	\$ 110,802	\$ 118,268	\$ 338,208	\$ 61,079	\$ 86,691	\$ 485,978
Rent	9,398	88,347	77,068	174,813	6,692	5,639	187,144
Employee insurance	8,913	11,440	31,284	51,637	10,668	5,752	68,057
Repairs and maintenance	6,410	29,358	22,207	57,975	3,418	4,966	66,359
Program and support fees	14,637	13,956	11,913	40,506	6,127	10,098	56,731
Payroll taxes	8,303	8,385	8,783	25,471	4,572	6,630	36,673
Utilities	1,438	13,513	11,788	26,739	1,374	863	28,976
Computer expense	3,815	3,167	3,124	10,106	3,941	3,419	17,466
Telephone	3,042	4,750	2,906	10,698	1,953	2,643	15,294
Retirement benefits	3,530	3,496	3,320	10,346	1,922	2,688	14,956
Program insurance	7,829	3,198	-	11,027	-	-	11,027
Program materials	3,103	5,959	411	9,473	-	-	9,473
Professional fees	-	-	-	-	8,700	-	8,700
Subscriptions	-	15	372	387	6,558	-	6,945
Business insurance	1,018	1,599	1,407	4,024	589	866	5,479
Business development	-	-	123	123	4,036	352	4,511
Outside services	589	971	482	2,042	832	431	3,305
Travel	-	-	-	-	-	2,798	2,798
Office supplies	87	372	445	904	592	138	1,634
Staff training	-	-	-	-	1,324	15	1,339
Interest	-	-	144	144	597	-	741
Postage	58	76	77	211	41	94	346
Marketing	-	-	-	-	-	326	326
Public relations	-	-	-	-	198	-	198
Volunteer training	43	-	-	43	-	-	43
Total functional expenses before depreciation and other items	181,351	299,404	294,122	774,877	125,213	134,409	1,034,499
Depreciation	-	64,225	179,558	243,783	19,112	-	262,895
In-kind items	-	-	-	-	18,275	21,722	39,997
Total functional expenses	\$ 181,351	\$ 363,629	\$ 473,680	\$ 1,018,660	\$ 162,600	\$ 156,131	\$ 1,337,391

The accompanying notes are an integral part of these financial statements.

JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Activities			Supporting Activities			Total
	Education	JA Biztown	JA Finance Park	Programs Subtotal	Management and General	Fund Raising	
Salaries and benefits	\$ 186,229	\$ 145,935	\$ 113,593	\$ 445,757	\$ 61,070	\$ 104,328	\$ 611,155
Rent	12,491	80,690	79,530	172,711	6,100	8,225	187,036
Program and support fees	34,665	18,983	826	54,474	8,254	19,808	82,536
Repairs and maintenance	5,857	33,272	24,803	63,932	6,112	5,178	75,222
Retirement benefits	29,755	18,381	1,036	49,172	9,028	14,842	73,042
Employee insurance	24,050	13,715	12,315	50,080	10,191	6,051	66,322
Program materials	47,048	17,090	1,109	65,247	-	-	65,247
Payroll taxes	13,997	11,187	8,442	33,626	4,586	7,946	46,158
Utilities	1,201	10,555	10,672	22,428	2,467	721	25,616
Telephone	5,663	4,789	2,452	12,904	2,628	3,399	18,931
Subscriptions	215	100	1,313	1,628	10,734	215	12,577
Staff training	1,427	270	-	1,697	8,152	979	10,828
Business development	-	62	303	365	7,164	3,147	10,676
Program insurance	7,457	3,196	-	10,653	-	-	10,653
Professional fees	-	-	-	-	8,425	-	8,425
Outside services	1,347	2,642	654	4,643	1,229	1,170	7,042
Computer expense	1,658	749	1,624	4,031	2,202	754	6,987
Interest	-	-	4,472	4,472	1,264	-	5,736
Office supplies	472	1,724	985	3,181	2,065	288	5,534
Business insurance	435	425	376	1,236	394	414	2,044
Marketing	-	943	10	953	-	1,024	1,977
Travel	-	-	852	852	-	969	1,821
Postage	746	316	109	1,171	124	367	1,662
Public relations	-	39	103	142	790	-	932
Volunteer training	754	65	14	833	-	-	833
Total functional expenses before depreciation and other items	375,467	365,128	265,593	1,006,188	152,979	179,825	1,338,992
Depreciation	-	63,868	83,781	147,649	13,709	-	161,358
In-kind items	-	2,863	118	2,981	16,000	10,000	28,981
Costs related to capital campaign	-	-	-	-	11,620	-	11,620
Total functional expenses	\$ 375,467	\$ 431,859	\$ 349,492	\$ 1,156,818	\$ 194,308	\$ 189,825	\$ 1,540,951

The accompanying notes are an integral part of these financial statements.

JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 103,017	\$ (312,135)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	262,895	161,358
Contributions restricted by donor	-	(177,906)
Decrease in contributions receivable, net	335,193	618,959
(Increase) decrease in other current assets	3,997	(14,111)
Decrease in accounts payable and accrued expenses	(4,506)	(298,482)
Increase (decrease) in deferred revenue	(99,274)	149,950
Net cash provided by operating activities	<u>601,322</u>	<u>127,633</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of leasehold improvements	(3,571)	(989,053)
Purchases of property and equipment	<u>(3,024)</u>	<u>(333,257)</u>
Net cash used in investing activities	<u>(6,595)</u>	<u>(1,322,310)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of notes payable	140,795	490,500
Principal payments on notes payable	(59,946)	(255,113)
Government grant recognized from PPP loan forgiveness	(140,500)	-
Net receipts from restricted cash	<u>-</u>	<u>1,168,814</u>
Net cash provided by (used in) financing activities	<u>(59,651)</u>	<u>1,404,201</u>
Increase in cash and cash equivalents	535,076	209,524
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>732,535</u>	<u>523,011</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u><u>\$ 1,267,611</u></u>	<u><u>\$ 732,535</u></u>
<u>SUPPLEMENTAL DISCLOSURES</u>		
CASH PAID DURING THE YEAR FOR INTEREST	<u><u>\$ 742</u></u>	<u><u>\$ 5,736</u></u>

The accompanying notes are an integral part of these financial statements.

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Junior Achievement of Middle Tennessee, Inc. (the "Organization") was chartered as a not-for-profit corporation on August 31, 1957, and organized as a franchise of Junior Achievement, Inc. Since 1919, Junior Achievement, Inc. has been educating and inspiring young people to value free enterprise, understand business and economics, and improve the quality of their lives. Through partnerships and collaborations between businesses, educators, and other not-for-profit organizations, approximately 8,082 students in kindergarten through twelfth grade, in 180 schools throughout middle Tennessee, benefited from the economic education programs. The programs also meet the state's curriculum requirements for economics, with the aid of 658 volunteer role models from business, industry and the community. Junior Achievement's funding support comes primarily from businesses, foundations, special events and individuals.

In addition to providing in-school classroom programs, the Organization operates JA BizTown and JA Finance Park. During the JA BizTown and JA Finance Park on-site experience, students learn what it takes to create a business, operate a budget, advertise and sell products, supervise employees, hold elected office, as well as personally earn and manage money.

Basis of Accounting

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America using the accrual method of accounting.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Contributions

All contributions are considered to be without donor restriction unless specifically stated by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same time period the contribution is received, the Organization reports the support as net assets without donor restriction.

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONTINUED)**

Contributions receivable

Contributions receivable, less an allowance for uncollectible amounts, are recognized as revenues in the period promised, and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Amounts expected to be collected within the next fiscal year are classified as current assets at the face value of the receivable. Amounts which are not collectible within the next fiscal year are recorded as non-current contributions receivable, using the estimated present value of the future cash flows.

Donated Material and Services

Contributions of donated material that are useable for program services, fundraising, and support of management and general functions are recorded at their estimated fair values in the period received. Contributions of donated services requiring specialized skills and which would typically need to be purchased if not donated, are recorded at their estimated fair values in the period received.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as without restrictions support unless the donor has restricted the donated asset for a specific purpose.

The fair value of donated volunteer services is not reflected in the accompanying financial statements since it is not practicable to objectively determine the fair value of the service received. However, management estimates that a substantial number of volunteers have donated significant amounts of their time as instructors, chapter advisors and as fundraisers.

Cash and Cash Equivalents

Cash includes amounts on hand and on deposit in financial institutions. Cash equivalents include highly liquid investments with an original maturity of three months or less.

Restricted Cash

Certain cash accounts are classified as restricted assets on the statements of financial position because their use is limited by donor restrictions.

JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Deferred revenue represents amounts collected but not earned as of June 30. If activity is conducted over a fiscal year end, deferred revenue is recorded for all amounts related to activities predominately conducted in the next fiscal year.

Property and Equipment

Property and equipment are carried at cost if purchased and at estimated fair value if donated, less accumulated depreciation. Significant additions and improvements are capitalized. Repairs and maintenance are charged to expense as incurred. Depreciation is provided on a straight-line basis over the following estimated useful lives:

	Years
Tenant improvements	10 - 15
Furniture and equipment	3 - 10
Automobile	5

Income Taxes

Junior Achievement is a not-for-profit service organization exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

The Organization has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, including the position that the Organization continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended June 30, 2021, the Organization has no material uncertain tax positions to be accounted for in the financial statements under these rules. The Organization has exempt organization tax filings open to Internal Revenue Service audit, generally, for three years after they are filed.

Use of Estimates

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries and benefits, payroll taxes, postage, telephone and equipment maintenance, which are allocated on the basis of estimates of time and effort, and rent, building repairs and maintenance, insurance and utilities are allocated on the basis of estimated square footage utilized by each program service and by general and administrative services. All other expenses are directly assigned to their related program.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassifications had no effect on the results of operations as previously reported.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred after June 30, 2021 through the date of the issued financial statements. During the period there were no material recognizable subsequent events that required recognition in the disclosures to the June 30, 2021 financial statements.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances in banks insured by the Federal Deposit Insurance Corporation up to \$250,000. In the normal course of business, the Organization may have deposits that exceed the insured balance. At June 30, 2021, the Organization had \$1,103,970 that was uninsured by the Federal Deposit Insurance Corporation.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has \$1,381,675 of financial assets available within one year of the statement financial position date consisting of cash of \$1,267,611, and net accounts receivable not restricted by donors of \$114,064. The Organization has a goal to maintain financial assets, which consist of cash on hand, to meet 60 days of normal operating expense, which are, on average, approximately \$230,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable as of June 30, 2021 and 2020 are summarized as follows:

	2021	2020
JA Finance Park pledges and fees	\$ 587,521	\$ 937,486
JA BizTown program	13,304	-
Other	92,260	86,126
	<u>693,085</u>	<u>1,023,612</u>
Less discounts to net present value	(29,676)	(44,163)
Less allowance for uncollectible amounts	<u>(64,314)</u>	<u>(45,161)</u>
Total	<u>\$ 599,095</u>	<u>\$ 934,288</u>

The net amounts are classified in the statements of financial position as follows:

	2021	2020
Current portion	\$ 279,719	\$ 509,710
Non-current portion	<u>319,376</u>	<u>424,578</u>
Total	<u>\$ 599,095</u>	<u>\$ 934,288</u>

The current portion represents the face value of contributions collectible within the next fiscal year. The non-current portion represents the present value of amounts due after one year. The non-current portion was discounted using a 4% annual interest rate to estimate present value. This rate is used in all subsequent periods to update the estimated present value of this pledge as follows:

	2021	2020
Due in one to five years	\$ 272,274	\$ 355,298
Due in six to ten years	<u>47,102</u>	<u>69,280</u>
Total non-current portion	<u>\$ 319,376</u>	<u>\$ 424,578</u>

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2021	2020
Tenant improvements	\$ 3,111,407	\$ 3,107,835
Furniture and equipment	838,016	827,861
Website	37,500	45,000
Automobile	43,128	43,128
	<u>4,030,051</u>	<u>4,023,824</u>
Less accumulated depreciation	<u>(2,332,562)</u>	<u>(2,070,035)</u>
Net	<u>\$ 1,697,489</u>	<u>\$ 1,953,789</u>

Depreciation expense was \$262,895 and \$161,358 for the years ended June 30, 2021 and 2020, respectively.

NOTE 6 - DEFERRED REVENUE

Deferred revenue consists of the following:

	2021	2020
Nashville Business Hall of Fame	\$ 104,176	\$ 1,250
JA BizTown program	36,000	47,500
Other events and contributions	20,000	17,500
Golf tournament	10,000	156,600
JA Finance Park program	-	20,000
Backstage at BizTown	-	26,600
	<u>\$ 170,176</u>	<u>\$ 269,450</u>

NOTE 7 - LINE OF CREDIT

The Organization maintains a line of credit to support operations in the amount of \$250,000. The line of credit is secured by all assets of the Organization. The variable interest rate is the bank's index rate plus one percent (1%). There was no balance on this line of credit as of June 30, 2021 and 2020.

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 8 - NOTES PAYABLE

The Organization's outstanding debt as of June 30, 2021 and 2020 was as follows:

	2021	2020
Note payable	\$ 196,239	\$ 255,890
Less current portion	<u>(23,998)</u>	<u>(121,576)</u>
Total non-current portion	<u>\$ 172,241</u>	<u>\$ 134,314</u>

The Organization has an automobile note payable to Ford Motor Credit due in monthly installments aggregating \$531 including interest at 5.99%. The note matures in January 2023 and is collateralized by the automobile.

The Organization entered an agreement with the Achievement Foundation signing a promissory note on June 9, 2020 to support ongoing operational expenses due to uncertainty from the ongoing COVID-19 pandemic. The terms of the note are as follows: no interest (0%) accrues if quarterly payments are made before the due date, and funds are used in the manner agreed to in the promissory note. If either of these terms are breached, the note will revert to a demand noted bearing two percent (2%) above the prime rate as established by Citibank N.A. with the total amount of the unpaid balance due immediately. Twelve quarterly payments of \$4,167 begin on June 30, 2021. The note matures on March 31, 2024. The balance of this note was \$45,167 and \$50,000 as of June 30, 2021 and 2020, respectively.

The Organization has an unsecured note payable with Truist Bank dated March 3, 2021 due in monthly installments of \$3,158, including interest at a fixed rate of 1.00%. Payments are scheduled to begin on June 2022. The note is due in full on March 3, 2026. The balance of the note payable at June 30, 2021 was \$140,795.

This loan from Truist Bank was received under the Paycheck Protection Program ("PPP") second installment. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

The unforgiven portion of the PPP loan is payable over five years at an interest rate of 1%, with a deferral of payments till June 2022. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 8 - NOTES PAYABLE (CONTINUED)

The Organization received the first installment of the PPP loan in April 2020. The loan balance of \$140,500 was forgiven by the United States of America Small Business Administration on April 5, 2021 and recognized on the statements of activities as other support without donor restrictions.

A summary of future maturities of notes payable is as follows:

Year Ending June 30,	Amount
2022	\$ 23,998
2023	57,000
2024	49,534
2025	37,406
2026	28,301
	<u>\$ 196,239</u>

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30 were restricted for the following purposes:

	2021	2020
Contributions and pledges for JA Finance		
Park capital improvements and program	\$ 902,781	\$ 975,109
Other contributions	2,892	-
	<u>\$ 905,673</u>	<u>\$ 975,109</u>

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 10 - FUNDS HELD BY OTHERS

On January 13, 1995, the Organization created the Junior Achievement Agency Fund with the Nashville Area Community Foundation (the "Foundation"). The Organization retains the right to make future contributions to the Junior Achievement Agency Fund and to suggest the manner in which income of the Junior Achievement Agency Fund is distributed to charitable organizations, including the Organization, which otherwise meet the eligibility standards of the Foundation.

The Robert K. Zelle Fund with the Foundation was established upon the death of Robert K. Zelle. The Organization was named as the beneficiary of the Robert K. Zelle Fund. The Foundation directs all activities of the Robert K. Zelle Fund and distributes funds to the Organization based on the criteria agreed to by the Robert K. Zelle Fund and the Foundation.

The Foundation has ultimate authority and control over all property of the Funds, including income derived therefrom, for use in conjunction with the charitable purposes of the Foundation, therefore, these assets are not included in the financial statements of the Organization. The Funds are charged an asset management fee by the Foundation ranging from .4%-1.25% of the current value of the Fund annually. The Funds are also charged an investment fee ranging from .8%-.9% of the Fund annually. Both fees are payable quarterly in arrears. Distributions to the Organization are made annually based on the prior year's average quarterly market value at a rate of 5%.

The market value of the Funds was \$2,873,195 and \$2,470,827 as of June 30, 2021 and 2020, respectively. The distributions received for the years ended June 30, 2021 and 2020 totaled \$128,700 and \$128,900, respectively.

NOTE 11 - DONATED MATERIALS AND SERVICES

The Organization receives donated materials and services ("in-kind" contributions) in the normal course of its operations, to include program materials, special events, fundraising goods or services, property and equipment and office supplies. The estimated fair values of these items are included in the statements of activities for the years ended June 30, 2021 and 2020 as follows:

	2021	2020
Special events	\$ 21,722	\$ 10,000
Management and general	18,275	16,000
Program materials - Biztown	-	2,863
Program materials	-	118
	<hr/>	<hr/>
Total in-kind contributions	<u>\$ 39,997</u>	<u>\$ 28,981</u>

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 12 - OPERATING LEASES

Junior Achievement of Middle Tennessee, Inc. leases its administrative offices and JA BizTown and JA Finance Park facilities under an operating lease expiring August 31, 2026. Junior Achievement pays certain operating expenses in addition to the base rent.

The Organization also leases copiers and printers under an operating lease. The lease expires in August 2022. Monthly lease payments are \$1,380.

Future minimum rental commitments are as follows:

Year Ending June 30,	Amount
2022	\$ 209,231
2023	200,248
2024	202,425
2025	207,485
2026	212,673
Thereafter	<u>35,590</u>
	<u><u>\$ 1,067,652</u></u>

Office and facilities rent amounted to \$187,144 and \$187,036 for the years ended June 30, 2021 and 2020, respectively. The copier lease payments are part of the repair and maintenance expenses in the statements of functional expenses.

NOTE 13 - COMMITMENTS

As a franchisee of Junior Achievement USA, the Organization pays program and support fees based on contribution revenue. These fees are calculated according to specific formulas outlined in the operating agreement and determined by the National Organization's Board of Directors. Fees are based on total reported revenue for the prior fiscal year ended, paid over ten monthly installments.

Total program and support fees were \$56,731 and \$82,536 for 2021 and 2020, respectively.

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 14 - MULTIEMPLOYER PENSION PLAN

Prior to June 30, 2019, the Organization offered a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan was administered by the Organization and covered all full-time employees of the Organization, JA Worldwide, Inc. and participating Junior Achievement chapters in the United States. Benefits were determined based on years of service and salary history. Plan's assets were invested in a variety of investment funds until 2019, when a substantial portion of the portfolio was placed into fixed income mutual funds, and 2020, when Plan assets were converted to cash and cash equivalents. Prior to June 30, 2019, in accordance with the plan documents, the Organization and participating Junior Achievement Areas made contributions to the plan equal to 16.75% of participants' eligible compensation. The Organization recognized, as net pension cost, the required contribution for the period, and recognized, as a liability, any contributions due and unpaid. There is no recognition of the funded status of the Plan in the financial statements of the Organization.

Effective June 30, 2019, the Board of Directors of the Organization approved the termination of the Plan, at which time all participants who were active in the Plan became fully vested for their respective accrued benefits. The Plan required that participating employers (including the Organization) remain liable for any funding obligations under the Plan, until all liabilities and obligations of the Plan have been satisfied. As a result, during 2020, in accordance with the plan documents, the Organization and participating Junior Achievement Areas continued to make contributions equal to 13.25% of the participants' eligible compensation.

During 2020, the Plan participants elected the mode of their distribution (whether lump sum or annuity) and the Plan liquidated and distributed benefit payments accordingly. The Plan engaged an insurance company to assume the annuity portfolio, and as of June 30, 2020 substantially all benefit obligations of the Plan had either been paid (lump sum elections) or transferred (annuity elections). The remaining assets in the Plan of approximately \$5.5 million at June 30, 2021 and 2020, are restricted for additional, future termination and other required administrative expenses. Approximately \$4 million of the plan's assets are expected to be a return of capital to JA USA for the collateral that JA USA transferred to fund and close the revolving line of credit necessary to terminate the plan.

Upon the conclusion of any necessary administrative proceedings and the final review by the Pension Benefit Guarantee Corporation (PBGC), any remaining Plan assets will first be used to pay any final administrative costs, next will be used to repay advances from JA USA, described above, and lastly, will be distributed to participating employers on a pro-rata basis. The timing and results of these administrative proceedings and PBGC's final review are uncertain, and as a result, the Organization cannot reasonably estimate, and thus has not recorded, any pro-rata amounts receivable from the Plan at June 30, 2021.

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 14 - MULTIEMPLOYER PENSION PLAN (CONTINUED)

To coincide with the termination of the Plan, the Organization implemented a Defined Contribution 401(k) Plan for eligible employees on July 1, 2019. See Note 16.

NOTE 15 - HEALTH AND WELFARE BENEFITS TRUST AND POSTRETIREMENT BENEFITS PLAN

Health and Welfare Benefits Trust

The Organization has a self-funded medical, dental and other benefits plan covering full-time employees of the Organization and their beneficiaries and covered dependents. The plan is accounted for like a multi-employer plan. Premiums are paid into the Health and Welfare Plan for each participant by the Organization. Employees of the Organization and employees of Junior Achievement Areas in the United States can participate in the Health and Welfare Plan. All the assets and liabilities of the Health and Welfare Plan are held in the Junior Achievement USA Health and Welfare Benefits Trust (Benefits Trust). Accordingly, no balances or transactions of the Benefits Trust are recorded in the financial statements of the Organization. The Organization's premium expense for the Health and Welfare Plan for the years ended June 30, 2021 and 2020 was \$68,057 and \$66,322, respectively.

Postretirement Benefits Plan

The Health and Welfare Plan also offers health care benefits to retired personnel of the participating employees. This creates an implicit rate subsidy, which is considered to be a postretirement benefit. Management of the Organization does not believe the implicit rate subsidy amount to be material to the Organization, especially since the Plan is a multiemployer plan. Accordingly, no balances or transactions of the Postretirement Benefits Plan are recorded in the financial statements of the Organization.

NOTE 16 - RETIREMENT PLAN

Starting on July 1, 2019, the Organization implemented a 401(k) multiple employer profit-sharing plan covering substantially all employees. The Organization's contributions to the plan are determined annually by the Board of Directors. Contributions to the plan of \$14,256 and \$13,288 for the years ended June 30, 2021 and 2020, respectively.