

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED JUNE 30, 2017 AND 2016**

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED JUNE 30, 2017 AND 2016**

**TABLE OF CONTENTS**

	<b>PAGE</b>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
NOTES TO FINANCIAL STATEMENTS	6 - 16



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, 2017 and 2016, 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, 2017 and 2016, 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*  
September 8, 2017

**JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2017 AND 2016**

**ASSETS**

	<b>2017</b>	<b>2016</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 821,981	\$ 349,606
Contributions receivable currently due, net	496,869	230,658
Prepaid expenses and other current assets	<u>17,010</u>	<u>11,188</u>
Total current assets	<u>1,335,860</u>	<u>591,452</u>
Non-current contributions receivable, net	185,941	272,324
Property and equipment, net	<u>190,351</u>	<u>44,094</u>
Total long term assets	<u>376,292</u>	<u>316,418</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,712,152</u></u>	<u><u>\$ 907,870</u></u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 228,038	\$ 27,034
Deferred revenue	187,100	159,950
Current portion of note payable	<u>4,169</u>	<u>4,005</u>
Total current liabilities	<u>419,307</u>	<u>190,989</u>
<b>LONG TERM LIABILITIES</b>		
Note payable, net of current portion	<u>-</u>	<u>4,169</u>
Total long term liabilities	<u>-</u>	<u>4,169</u>
Total liabilities	<u>419,307</u>	<u>195,158</u>
<b>NET ASSETS</b>		
Unrestricted net assets:		
Designated by the Board	24,164	-
Undesignated	<u>640,803</u>	<u>312,888</u>
Total unrestricted net assets	664,967	312,888
Temporarily restricted net assets	<u>627,878</u>	<u>399,824</u>
Total net assets	<u>1,292,845</u>	<u>712,712</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,712,152</u></u>	<u><u>\$ 907,870</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, 2017 AND 2016**

	2017			2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support						
Contributions:						
Corporations	\$ 117,606	\$ 115,190	\$ 232,796	\$ 91,867	\$ 121,000	\$ 212,867
Individuals	93,162	519,265	612,427	76,862	35	76,897
Foundations	292,681	74,617	367,298	178,070	87,730	265,800
Total contributions	503,449	709,072	1,212,521	346,799	208,765	555,564
Special events	600,215	-	600,215	579,852	-	579,852
Program fees	196,174	-	196,174	195,333	-	195,333
In-kind contributions	109,508	-	109,508	71,991	212	72,203
Other	12,408	-	12,408	12,861	-	12,861
Interest	5,200	904	6,104	5,400	-	5,400
Merchandise sales	4,410	-	4,410	4,922	-	4,922
Net assets released from restrictions	481,922	(481,922)	-	298,748	(298,748)	-
Total revenues and other support	1,913,286	228,054	2,141,340	1,515,906	(89,771)	1,426,135
Expenses						
Functional expenses:						
Program services	961,584	-	961,584	951,531	-	951,531
Management and general	290,172	-	290,172	131,865	-	131,865
Fundraising	107,947	-	107,947	111,702	-	111,702
Total functional expenses	1,359,703	-	1,359,703	1,195,098	-	1,195,098
Special events	152,276	-	152,276	175,973	-	175,973
Franchise and licensee fees	49,228	-	49,228	48,668	-	48,668
Total expenses	1,561,207	-	1,561,207	1,419,739	-	1,419,739
INCREASE (DECREASE) IN NET ASSETS	352,079	228,054	580,133	96,167	(89,771)	6,396
NET ASSETS, BEGINNING OF THE YEAR	312,888	399,824	712,712	216,721	489,595	706,316
NET ASSETS, END OF THE YEAR	<u>\$ 664,967</u>	<u>\$ 627,878</u>	<u>\$ 1,292,845</u>	<u>\$ 312,888</u>	<u>\$ 399,824</u>	<u>\$ 712,712</u>

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

**JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Totals</u>	
				<u>2017</u>	<u>2016</u>
Salaries and benefits	\$ 394,438	\$ 49,305	\$ 49,305	\$ 493,048	\$ 493,558
Rent	139,175	17,397	17,397	173,969	170,156
Program materials	128,629	-	-	128,629	127,447
Repairs and maintenance	74,085	9,261	9,261	92,607	95,676
Retirement benefits	45,702	5,713	5,713	57,128	49,445
Employee insurance	32,324	4,041	4,041	40,406	46,589
Payroll taxes	29,529	3,691	3,691	36,911	37,079
Utilities	29,122	3,640	3,640	36,402	36,997
Bad debts expense	-	20,000	-	20,000	-
Telephone	11,577	1,447	1,447	14,471	18,498
Student fees	13,602	-	-	13,602	12,284
Computer expense	7,847	981	981	9,809	504
Staff training	7,725	965	965	9,655	5,367
Subscriptions	6,224	778	778	7,780	7,561
Professional fees	-	7,650	-	7,650	7,633
Program insurance	7,537	-	-	7,537	7,625
Business development	-	-	6,806	6,806	10,075
Business insurance	5,164	645	645	6,454	6,249
Outside services	4,449	556	556	5,561	6,668
Volunteer training	4,379	-	-	4,379	3,883
Office supplies	2,771	346	346	3,463	3,311
Marketing	-	-	2,049	2,049	3,347
Travel	1,162	145	145	1,452	2,369
Postage	843	105	105	1,053	1,738
Public relations	396	49	49	494	574
Interest	216	27	27	270	436
 Total functional expenses before depreciation and other items	 946,896	 126,742	 107,947	 1,181,585	 1,155,069
 In-kind items	 747	 87,594	 -	 88,341	 25,952
Costs related to capital campaign	-	75,836	-	75,836	-
Depreciation	13,941	-	-	13,941	14,077
 Total functional expenses	 <u>\$ 961,584</u>	 <u>\$ 290,172</u>	 <u>\$ 107,947</u>	 <u>\$ 1,359,703</u>	 <u>\$ 1,195,098</u>

**JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 580,133	\$ 6,396
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	13,941	14,077
(Increase) decrease in contributions receivable, net	(179,828)	37,192
(Increase) decrease in other current assets	(5,822)	8,815
Increase in accounts payable and accrued expenses	70,391	1,308
Increase in deferred revenue	27,150	27,247
	<u>505,965</u>	<u>95,035</u>
Net cash provided by operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(29,585)</u>	<u>(3,770)</u>
Net cash used in investing activities	<u>(29,585)</u>	<u>(3,770)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on notes payable	<u>(4,005)</u>	<u>(3,839)</u>
Net cash used in financing activities	<u>(4,005)</u>	<u>(3,839)</u>
Increase in cash and cash equivalents	472,375	87,426
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>349,606</u>	<u>262,180</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u><u>\$ 821,981</u></u>	<u><u>\$ 349,606</u></u>
<b><u>SUPPLEMENTAL DISCLOSURES</u></b>		
CASH PAID DURING THE YEAR FOR INTEREST	<u><u>\$ 269</u></u>	<u><u>\$ 436</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, 2017 AND 2016**

**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 33,342 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 2,506 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. During the JA BizTown 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 three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets based on the existence or absence of donor-imposed restrictions.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.



**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2017 AND 2016**

**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 unrestricted support unless the donor has restricted the donated asset for a specific purpose. As of June 30, 2017, the Organization has no donated property or equipment which is restricted.

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.

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.

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2017 AND 2016**

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

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:

	<b>Years</b>
Tenant improvements	10
Furniture and equipment	3 - 7
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, 2017, 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.

Functional Allocation

Allocation of costs on a functional basis is dependent upon management's estimate of the percentage of staff time incurred in conjunction with each activity and the nature of the expense.

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, 2017 AND 2016**

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

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

Junior Achievement of Middle Tennessee, Inc. has evaluated events and transactions that occurred after June 30, 2017, 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, 2017 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, 2017 and 2016, the Organization had \$591,147 and \$163,301 respectively that was uninsured by the Federal Deposit Insurance Corporation.

**NOTE 3 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable as of June 30, 2017 and 2016 are summarized as follows:

	<b>2017</b>	<b>2016</b>
JA BizTown program	\$ 325,000	\$ 427,500
JA BizTown improvements	250,000	-
Other	156,893	129,205
	<u>731,893</u>	<u>556,705</u>
Less discounts to net present value	(14,059)	(27,676)
Less allowance for uncollectible amounts	<u>(35,024)</u>	<u>(26,047)</u>
Total	<u>\$ 682,810</u>	<u>\$ 502,982</u>

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

	<b>2017</b>	<b>2016</b>
Current portion	\$ 496,869	\$ 230,658
Non-current portion	<u>185,941</u>	<u>272,324</u>
Total	<u>\$ 682,810</u>	<u>\$ 502,982</u>

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 3 - CONTRIBUTIONS RECEIVABLE (CONTINUED)**

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 5% 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:

	<b>2017</b>	<b>2016</b>
Due in one to five years	\$ 185,941	\$ 272,324
Total non-current portion	<u>\$ 185,941</u>	<u>\$ 272,324</u>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<b>2017</b>	<b>2016</b>
Tenant improvements	\$ 1,299,657	\$ 1,299,657
Furniture and equipment	502,879	507,143
Automobile	34,202	34,202
Construction-in-progress	158,063	-
	<u>1,994,801</u>	<u>1,841,002</u>
Less accumulated depreciation	<u>(1,804,450)</u>	<u>(1,796,908)</u>
Net	<u>\$ 190,351</u>	<u>\$ 44,094</u>

Depreciation expense was \$13,941 and \$14,077 for the years ended June 30, 2017 and 2016, respectively.

**NOTE 5 - DEFERRED REVENUE**

Deferred revenue consists of the following:

	<b>2017</b>	<b>2016</b>
JA BizTown program	\$ 56,000	\$ 60,000
JA BizTown camp	-	31,800
Nashville Business Hall of Fame	27,500	1,250
Golf tournament	15,000	-
Other events and contributions	88,600	66,900
	<u>\$ 187,100</u>	<u>\$ 159,950</u>

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 6 - NOTES PAYABLE**

The Organization's outstanding debt at June 30 was as follows:

	<b>2017</b>	<b>2016</b>
Note payable to First Bank	\$ 4,169	\$ 8,174
Less current portion	<u>(4,169)</u>	<u>(4,005)</u>
Total non-current portion	<u>\$ -</u>	<u>\$ 4,169</u>

The Organization has an automobile note payable to First Bank due in monthly installments aggregating \$356 including interest at 4.25%. The note matures in June 2018 and is collateralized by the automobile.

The Organization has a \$350,000 revolving line-of-credit with Capstar Bank bearing interest at the bank's prime rate plus 1% which was 5% at June 30, 2017. The credit agreement expires in March 15, 2018. This line of credit had a zero balance at June 30, 2017 and 2016.

Maturities of notes payable are as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2018	<u>\$ 4,169</u>

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of June 30 were restricted for the following purposes:

	2017	2016
Contribution receivable restricted for JA BizTown program	\$ 285,941	\$ 399,824
Contribution receivable restricted for JA BizTown capital improvements	250,000	-
Funding received restricted for JA BizTown capital improvements	91,937	-
	<u>\$ 627,878</u>	<u>\$ 399,824</u>

**NOTE 8 - 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 \$2,164,201 and \$2,062,714 as of June 30, 2017 and 2016, respectively. The distributions received for the years ended June 30, 2017 and 2016 totaled \$17,600 and \$18,500, respectively.

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 9 - 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, 2017 and 2016 as follows:

	2017	2016
Management and general	\$ 87,594	\$ 25,350
Special events	21,167	45,651
Program materials - Biztown	747	212
Program materials	<u>-</u>	<u>990</u>
Total in-kind contributions	<u>\$ 109,508</u>	<u>\$ 72,203</u>

**NOTE 10 - OPERATING LEASE**

Junior Achievement of Middle Tennessee, Inc. leases its administrative offices and JA BizTown 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 under an operating lease held by CIT. The lease expires in August 2017. Monthly lease payments are \$1,435.

Future minimum rental commitments are as follows:

Year Ending June 30,	Amount
2018	\$ 177,420
2019	178,914
2020	183,387
2021	187,972
2022	192,671
Thereafter	<u>669,335</u>
	<u>\$ 1,589,699</u>

Rent amounted to \$173,523 and \$170,156 for the years ended June 30, 2017 and 2016, respectively. The copier lease payments are part of the repair and maintenance expenses in the supplemental schedules.



**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 11 - COMMITMENTS**

As a franchisee of Junior Achievement, Inc., the Organization pays franchise fees based on contribution revenue. The fees are based on contributions for the prior fiscal year ended, paid monthly in equal installments.

As a franchise of JA Worldwide, operating the JA BizTown program in Nashville, the Organization pays license fees based on the number of students utilizing the program. The fees are \$1.50 per student.

Total franchise and licensee fees were \$49,228 and \$48,668 for 2017 and 2016, respectively.

The Organization has entered into two contractual agreements with companies in 2017 that will provide construction and architectural services for improvements to JA BizTown. The total contract amounts for providing these services are \$583,070. As of June 30, 2017, the Organization has been billed for services rendered in the amount of \$158,063 on these agreements.

**NOTE 12 - MULTIEMPLOYER PENSION PLAN**

The Organization offers a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan is administered by the Organization and covers all full-time employees of the Organization, JA Worldwide, Inc. and participating Junior Achievement chapters in the United States. The Plan is accounted for like a multi-employer plan. Benefits are determined based on years of service and salary history. The Plan's assets are invested in various investment funds. The respective participants' employers are required to fund the Plan, as determined necessary by the Organization's Board of Directors, based on an annual actuarial valuation. The Organization makes contributions equal to 16.75% of participants' eligible compensation. The Plan requires that participating members who withdraw from the Plan, remain liable for any previous funding obligations under the Plan. Accordingly, the Organization recognizes, as net pension cost, the required contribution for the period and recognizes, 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.

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 12 - MULTIEMPLOYER PENSION PLAN (CONTINUED)**

The risks to the Organization of participating in this multiemployer pension plan are different from single-employer plans in the following aspects:

1. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the Plan may be borne by the remaining participating employers.
3. If the Organization chooses to stop participating in the Plan, the Organization would be required to pay the Plan an amount based on the underfunded status of the Plan, referred to as a withdrawal liability.

The Organization's participation in this Plan for the annual period ended June 30, 2017 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number. The Plan's funded status available in 2017 and 2016 is for years ended June 30, 2017 and 2016, respectively. There have been no significant changes that affect the comparability of 2017 and 2016 contributions.

Pension Fund	EIN/ Pension Plan Number	Funded Status		Contributions of Organization	
		2017	2016	2017	2016
Retirement Plan for Employees of Junior Achievement USA	13-1635270 PN 333	68%	68%	<u>\$ 57,128</u>	<u>\$ 49,445</u>

The Organization was listed in its Plan's Form 5500 as providing more than 5% of the total contributions for the June 30, 2017 and 2016 plan years.

**NOTE 13 - 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, JA Worldwide, Inc. and employees of Junior Achievement USA chapters 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.

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE 13 - HEALTH AND WELFARE BENEFITS TRUST AND POSTRETIREMENT  
BENEFITS PLAN (CONTINUED)**

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.

The Organization's premium expense for the Health and Welfare Plan for the years ended June 30, 2017 and 2016 was \$40,406 and \$46,589, respectively.