JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2016 AND 2015

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Edmondson, Betzler & Dame, PLLC
(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, 2016 and 2015, 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, 2016 and 2015, 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 25, 2016

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JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 349,606	$ 262,180
Contributions receivable currently due, net	230,658	185,579
Prepaid expenses and other current assets	11,188	20,003
Total current assets	591,452	467,762
Non-current contributions receivable, net	272,324	354,595
Property and equipment, net	44,094	54,401
Total long term assets	316,418	408,996
TOTAL ASSETS	$ 907,870	$ 876,758
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 27,034	$ 25,726
Deferred revenue	159,950	132,703
Current portion of note payable	4,005	3,839
Total current liabilities	190,989	162,268
LONG TERM LIABILITIES		
Note payable, net of current portion	4,169	8,174
Total long term liabilities	4,169	8,174
Total liabilities	195,158	170,442
NET ASSETS		
Unrestricted	312,888	216,721
Temporarily restricted	399,824	489,595
Total net assets	712,712	706,316
TOTAL LIABILITIES AND NET ASSETS	$ 907,870	$ 876,758

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

JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and other support						
Contributions:						
Corporations	$ 91,867	$ 121,000	$ 212,867	$ 97,211	$ 150,000	$ 247,211
Individuals	76,862	35	76,897	85,668	-	85,668
Foundations	178,070	87,730	265,800	186,435	58,147	244,582
Total contributions	346,799	208,765	555,564	369,314	208,147	577,461
Special events	579,852	-	579,852	618,530	-	618,530
Program fees	195,333	-	195,333	176,316	-	176,316
In-kind contributions	71,991	212	72,203	64,423	949	65,372
Other	12,861	-	12,861	15,514	-	15,514
Interest	5,400	-	5,400	5,700	-	5,700
Merchandise sales	4,922	-	4,922	5,261	-	5,261
Net assets released from restrictions	298,748	(298,748)	-	302,449	(302,449)	-
Total revenues and other support	1,515,906	(89,771)	1,426,135	1,557,507	(93,353)	1,464,154
Expenses						
Functional expenses:						
Program services	939,247	-	939,247	984,946	-	984,946
Management and general	131,865	-	131,865	110,886	-	110,886
Fundraising	111,702	-	111,702	119,673	-	119,673
Total functional expenses	1,182,814	-	1,182,814	1,215,505	-	1,215,505
Special events	175,973	-	175,973	195,405	-	195,405
Franchise and licensee fees	60,952	-	60,952	56,473	-	56,473
Total expenses	1,419,739	-	1,419,739	1,467,383	-	1,467,383
INCREASE (DECREASE) IN NET ASSETS	96,167	(89,771)	6,396	90,124	(93,353)	(3,229)
NET ASSETS, BEGINNING OF THE YEAR	216,721	489,595	706,316	126,597	582,948	709,545
NET ASSETS, END OF THE YEAR	$ 312,888	$ 399,824	$ 712,712	$ 216,721	$ 489,595	$ 706,316

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

JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.
SCHEDULES OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2016 AND 2015

	Program Services	Management and General	Fund Raising	Totals 2016	Totals 2015
Salaries and benefits	$ 394,846	$ 49,356	$ 49,356	$ 493,558	$ 509,174
Rent	136,124	17,016	17,016	170,156	165,997
Program materials	127,447	-	-	127,447	139,709
Repairs and maintenance	76,540	9,568	9,568	95,676	88,440
Retirement benefits	39,555	4,945	4,945	49,445	72,509
Employee insurance	37,271	4,659	4,659	46,589	61,962
Payroll taxes	29,663	3,708	3,708	37,079	37,809
Utilities	29,597	3,700	3,700	36,997	37,663
Telephone	14,798	1,850	1,850	18,498	15,550
Business development	-	-	10,075	10,075	11,769
Professional fees	-	7,633	-	7,633	7,275
Program insurance	7,625	-	-	7,625	7,727
Subscriptions	6,049	756	756	7,561	6,859
Outside services	5,334	667	667	6,668	5,735
Business insurance	4,999	625	625	6,249	5,539
Staff training	4,293	537	537	5,367	10,072
Volunteer training	3,883	-	-	3,883	4,804
Marketing	-	-	3,347	3,347	5,422
Office supplies	2,649	331	331	3,311	1,777
Travel	1,895	237	237	2,369	2,852
Postage	1,390	174	174	1,738	926
Public relations	460	57	57	574	639
Computer expense	404	50	50	504	710
Interest	348	44	44	436	614
Total functional expenses before depreciation and in-kind items	925,170	105,913	111,702	1,142,785	1,201,533
Depreciation	14,077	-	-	14,077	12,843
In-kind items	-	25,952	-	25,952	1,129
Total functional expenses	$ 939,247	$ 131,865	$ 111,702	$ 1,182,814	$ 1,215,505

JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 6,396	$ (3,229)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	14,077	12,843
Decrease in contributions receivable, net	37,192	68,469
(Increase) decrease in other current assets	8,815	(677)
Increase (decrease) in accounts payable and accrued expenses	1,308	(46,928)
Increase in deferred revenue	27,247	6,765
Net cash provided by operating activities	95,035	37,243
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(3,770)	(6,520)
Net cash used in investing activities	(3,770)	(6,520)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(3,839)	(3,679)
Net cash used in financing activities	(3,839)	(3,679)
Increase in cash and cash equivalents	87,426	27,044
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	262,180	235,136
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 349,606	$ 262,180
SUPPLEMENTAL DISCLOSURES		
CASH PAID DURING THE YEAR FOR INTEREST	$ 436	$ 614

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

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 30,817 students in kindergarten through twelfth grade, in 198 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 1,956 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.

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, 2016, 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.

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:

	Years
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, 2016, 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.

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

Events Occurring After Reporting Date

Junior Achievement of Middle Tennessee, Inc. has evaluated events and transactions that occurred after June 30, 2016, 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, 2016 financial statements.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts in financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At June 30, 2016, the Organization did have cash balances beyond this limit.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable as of June 30, 2016 and 2015 are summarized as follows:

	2016	2015
JA BizTown program	$ 427,500	$ 535,000
Other corporations and individuals	129,205	61,029
	556,705	596,029
Less discounts to net present value	(27,676)	(45,405)
Less allowance for uncollectible amounts	(26,047)	(10,450)
Total	$ 502,982	$ 540,174

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

	2016	2015
Current portion	$ 230,658	$ 185,579
Non-current portion	272,324	354,595
Total	$ 502,982	$ 540,174

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:

	2016	2015
Due in one to five years	$ 272,324	$ 354,595
Total non-current portion	$ 272,324	$ 354,595

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2016	2015
Tenant improvements	$ 1,299,657	$ 1,299,657
Furniture and equipment	507,143	552,458
Automobile	34,202	34,202
	1,841,002	1,886,317
Less accumulated depreciation	(1,796,908)	(1,834,325)
Net	$ 44,094	$ 51,992

Depreciation expense was $14,077 and $12,843 for the years ended June 30, 2016 and 2015, respectively.

NOTE 5 - DEFERRED REVENUE

Deferred revenue consists of the following:

	2016	2015
JA Biztown camp	$ 31,800	$ 15,945
Nashville Business Hall of Fame	1,250	2,500
Contributions	126,900	114,258
	$ 159,950	$ 132,703

NOTE 6 - NOTES PAYABLE

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

	2016	2015
Note payable to First Bank	$ 8,174	$ 12,013
Less current portion	(4,005)	(3,839)
Total non-current portion	$ 4,169	$ 8,174

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 $250,000 revolving line-of-credit with Capstar Bank bearing interest at the bank's prime rate plus 1% which was 5% at June 30, 2016. The credit agreement expires in January 2017. This line of credit had a zero balance at June 30, 2016.

Maturities of notes payable are as follows:

Year Ending June 30,	Amount
2017	$ 4,005
2018	4,169
	$ 8,174

Interest expense was $436 and $614 for the years ended June 30, 2016 and 2015, respectively.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

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

	2016	2015
Contribution receivable restricted for JA BizTown program	$ 399,824	$ 489,595

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 $2,062,714, and $110,169 as of June 30, 2016 and 2015, respectively.

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, 2016 and 2015 as follows:

	2016	2015
Special events	$ 45,651	$ 64,243
Program materials	990	-
Program materials - Biztown	212	949
Management and general	25,350	180
Total in-kind contributions	$ 72,203	$ 65,372

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
2017	$ 188,208
2018	177,420
2019	178,914
2020	183,387
2021	187,972
Thereafter	862,006
	$ 1,777,907

Rent amounted to $170,156 and $165,997 for the years ended June 30, 2016 and 2015, respectively. The copier lease payments are part of the repair and maintenance expenses in the supplemental schedules.

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 $60,953 and $56,473 for 2016 and 2015, respectively.

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 multiemployer 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.

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.

NOTE 12 - MULTIEMPLOYER PENSION PLAN (CONTINUED)

The Organization's participation in this Plan for the annual period ended June 30, 2015 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 2016 and 2015 is for years ended June 30, 2016 and 2015, respectively. There have been no significant changes that affect the comparability of 2016 and 2015 contributions.

Pension Fund	EIN/ Pension Plan Number	Funded Status		Contributions of Organization	
		2016	2015	2016	2015
Retirement Plan for Employees of Junior Achievement USA	13-1635270 PN 333	68%	71%	$ 49,445	$ 72,509

The Organization was listed in its Plan's Form 5500 as providing more than 5% of the total contributions for the June 30, 2015 plan year.

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.

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, 2016 and 2015 was $46,589 and $61,962, respectively.