

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED JUNE 30, 2022 AND 2021**

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OF MIDDLE TENNESSEE, INC.  
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YEARS ENDED JUNE 30, 2022 AND 2021**

**TABLE OF CONTENTS**

	<b>PAGE</b>
INDEPENDENT AUDITORS' REPORT	1 – 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
NOTES TO FINANCIAL STATEMENTS	8 - 19



Edmondson, Betzler & Dame  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying financial statements of Junior Achievement of Middle Tennessee, Inc. (the "Organization"), which comprises the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Junior Achievement of Middle Tennessee, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Junior Achievement of Middle Tennessee, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

## INDEPENDENT AUDITORS' REPORT, (CONTINUED)

### Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Junior Achievement of Middle Tennessee, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Junior Achievement of Middle Tennessee, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Brentwood, Tennessee

August 29, 2022

**JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

<b>ASSETS</b>			
		<b>2022</b>	<b>2021</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$ 1,224,166	\$ 1,267,611
Contributions receivable currently due, net		253,874	279,719
Prepaid expenses and other current assets		35,276	30,075
		<u>1,513,316</u>	<u>1,577,405</u>
Total current assets			
		<u>1,513,316</u>	<u>1,577,405</u>
Non-current contributions receivable, net		207,469	319,376
Property and equipment, net		1,509,818	1,697,489
		<u>1,717,287</u>	<u>2,016,865</u>
Total long term assets			
		<u>1,717,287</u>	<u>2,016,865</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 3,230,603</u></u>	<u><u>\$ 3,594,270</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses		\$ 35,831	\$ 24,783
Deferred revenue		60,900	170,176
Current portion of notes payable		23,297	23,998
		<u>120,028</u>	<u>218,957</u>
Total current liabilities			
		<u>120,028</u>	<u>218,957</u>
<b>LONG TERM LIABILITIES</b>			
Notes payable, net of current portion		37,335	172,241
		<u>37,335</u>	<u>172,241</u>
Total long term liabilities			
		<u>37,335</u>	<u>172,241</u>
Total liabilities		<u>157,363</u>	<u>391,198</u>
<b>NET ASSETS</b>			
Without donor restriction		2,297,702	2,297,399
With donor restriction		775,538	905,673
		<u>3,073,240</u>	<u>3,203,072</u>
Total net assets			
		<u>3,073,240</u>	<u>3,203,072</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u><u>\$ 3,230,603</u></u>	<u><u>\$ 3,594,270</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, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support						
Contributions:						
Corporations	\$ 48,778	\$ 176,250	\$ 225,028	\$ 93,054	\$ 93,500	\$ 186,554
Individuals	103,219	5,946	109,165	112,558	4,760	117,318
Foundations	367,575	109,000	476,575	352,680	158,713	511,393
Total contributions	519,572	291,196	810,768	558,292	256,973	815,265
Special events	475,513	-	475,513	472,758	-	472,758
Program fees	165,840	-	165,840	45,330	-	45,330
Government grant - PPP loan forgiveness	140,795	-	140,795	140,500	-	140,500
In-kind contributions	42,849	-	42,849	39,997	-	39,997
Gain on sale of assets	17,874	-	17,874	-	-	-
Other	8,341	-	8,341	45,485	-	45,485
Interest	6,347	27	6,374	5,500	64	5,564
Merchandise sales	1,173	-	1,173	57	-	57
Net assets released from restrictions	421,358	(421,358)	-	326,473	(326,473)	-
Total revenues and other support	1,799,662	(130,135)	1,669,527	1,634,392	(69,436)	1,564,956
Expenses						
Functional expenses:						
Program services	1,270,562	-	1,270,562	1,018,660	-	1,018,660
Management and general	213,080	-	213,080	162,600	-	162,600
Fundraising	175,172	-	175,172	156,131	-	156,131
Total functional expenses	1,658,814	-	1,658,814	1,337,391	-	1,337,391
Special events	140,545	-	140,545	124,548	-	124,548
Total expenses	1,799,359	-	1,799,359	1,461,939	-	1,461,939
INCREASE (DECREASE) IN NET ASSETS	303	(130,135)	(129,832)	172,453	(69,436)	103,017
NET ASSETS, BEGINNING OF THE YEAR	2,297,399	905,673	3,203,072	2,124,946	975,109	3,100,055
NET ASSETS, END OF THE YEAR	\$ 2,297,702	\$ 775,538	\$ 3,073,240	\$ 2,297,399	\$ 905,673	\$ 3,203,072

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, 2022**

	Program Activities				Supporting Activities		
	Education	JA Biztown	JA Finance Park	Programs Subtotal	Management and General	Fund Raising	Total
Salaries and benefits	\$ 97,498	\$ 158,293	\$ 120,668	\$ 376,459	\$ 61,902	\$ 84,873	\$ 523,234
Rent	9,634	90,555	78,995	179,184	8,007	5,780	192,971
Program and support fees	38,412	43,899	60,362	142,673	16,462	23,779	182,914
Repairs and maintenance	9,038	43,274	37,189	89,501	5,479	6,312	101,292
Employee insurance	13,367	31,065	31,725	76,157	9,954	10,315	96,426
Payroll taxes	7,852	10,811	9,392	28,055	6,666	6,514	41,235
Utilities	1,778	16,824	14,688	33,290	1,446	1,075	35,811
Program materials	9,237	22,062	4,171	35,470	-	-	35,470
Computer expense	4,422	3,075	3,835	11,332	3,076	3,383	17,791
Outside services	653	801	586	2,040	13,627	1,617	17,284
Telephone	3,426	4,822	2,664	10,912	2,346	2,558	15,816
Retirement benefits	1,716	2,345	3,763	7,824	1,635	2,656	12,115
Program insurance	6,706	3,832	107	10,645	-	-	10,645
Student transportation	-	2,775	7,200	9,975	-	-	9,975
Professional fees	-	2,384	927	3,311	5,639	-	8,950
Business development	-	122	108	230	7,035	1,437	8,702
Subscriptions	94	245	441	780	6,334	1,423	8,537
Business insurance	1,091	1,137	977	3,205	551	857	4,613
Staff training	-	-	-	-	4,019	-	4,019
Marketing	-	338	93	431	-	3,277	3,708
Office supplies	331	1,576	375	2,282	792	219	3,293
Travel	-	-	-	-	-	2,763	2,763
Volunteer training	1,893	13	37	1,943	-	-	1,943
Public relations	-	27	28	55	971	-	1,026
Interest	-	-	25	25	395	-	420
Postage	110	79	79	268	39	110	417
Total functional expenses before depreciation and in-kind items	207,258	440,354	378,435	1,026,047	156,375	158,948	1,341,370
Depreciation	-	64,207	180,308	244,515	30,080	-	274,595
In-kind items	-	-	-	-	26,625	16,224	42,849
Total functional expenses	\$ 207,258	\$ 504,561	\$ 558,743	\$ 1,270,562	\$ 213,080	\$ 175,172	\$ 1,658,814

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		
	Education	JA Biztown	JA Finance Park	Programs Subtotal	Management and General	Fund Raising
						Total
Salaries and benefits	\$ 109,138	\$ 110,802	\$ 118,268	\$ 338,208	\$ 61,079	\$ 86,691
Rent	9,398	88,347	77,068	174,813	6,692	5,639
Employee insurance	8,913	11,440	31,284	51,637	10,668	5,752
Repairs and maintenance	6,410	29,358	22,207	57,975	3,418	4,966
Program and support fees	14,637	13,956	11,913	40,506	6,127	10,098
Payroll taxes	8,303	8,385	8,783	25,471	4,572	6,630
Utilities	1,438	13,513	11,788	26,739	1,374	863
Computer expense	3,815	3,167	3,124	10,106	3,941	3,419
Telephone	3,042	4,750	2,906	10,698	1,953	2,643
Retirement benefits	3,530	3,496	3,320	10,346	1,922	2,688
Program insurance	7,829	3,198	-	11,027	-	-
Program materials	3,103	5,959	411	9,473	-	-
Professional fees	-	-	-	-	8,700	-
Subscriptions	-	15	372	387	6,558	-
Business insurance	1,018	1,599	1,407	4,024	589	866
Business development	-	-	123	123	4,036	352
Outside services	589	971	482	2,042	832	431
Travel	-	-	-	-	-	2,798
Office supplies	87	372	445	904	592	138
Staff training	-	-	-	-	1,324	15
Interest	-	-	144	144	597	-
Postage	58	76	77	211	41	94
Marketing	-	-	-	-	198	326
Public relations	-	-	-	-	-	-
Volunteer training	43	-	-	43	-	-
Total functional expenses before depreciation and in-kind items	181,351	299,404	294,122	774,877	125,213	134,409
Depreciation	-	64,225	179,558	243,783	19,112	-
In-kind items	-	-	-	-	18,275	21,722
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 CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (129,832)	\$ 103,017
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	274,595	262,895
Gain on sale of fixed assets	(17,874)	-
Government grant recognized from PPP loan forgiveness	(140,795)	(140,500)
Decrease in contributions receivable, net	137,752	335,193
(Increase) decrease in other current assets	(5,201)	3,997
Increase (decrease) in accounts payable and accrued expenses	11,048	(4,506)
Decrease in deferred revenue	(109,276)	(99,274)
Net cash provided by operating activities	<u>20,417</u>	<u>460,822</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of leasehold improvements	(34,421)	(3,571)
Purchases of property and equipment	(61,129)	(3,024)
Proceeds from sale of assets	26,500	-
Net cash used in investing activities	<u>(69,050)</u>	<u>(6,595)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of notes payable	34,262	140,795
Principal payments on notes payable	(29,074)	(59,946)
Net cash provided by financing activities	<u>5,188</u>	<u>80,849</u>
Increase (decrease) in cash and cash equivalents	(43,445)	535,076
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>1,267,611</u>	<u>732,535</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 1,224,166</u>	<u>\$ 1,267,611</u>
<b><u>SUPPLEMENTAL DISCLOSURES</u></b>		
CASH PAID DURING THE YEAR FOR INTEREST	<u>\$ 420</u>	<u>\$ 742</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, 2022 AND 2021**

**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 20,557 students in kindergarten through twelfth grade, in 124 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 2,153 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, 2022 AND 2021**

**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, 2022 AND 2021**

**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:

	<b>Years</b>
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, 2022, 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, 2022 AND 2021**

**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, 2022 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, 2022 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, 2022, the Organization had \$1,328,381 that was uninsured by the Federal Deposit Insurance Corporation.

**NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization has \$1,319,702 of financial assets available within one year of the statement financial position date consisting of cash of \$1,224,166, and net accounts receivable not restricted by donors of \$95,536. 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 \$248,000. 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, 2022 AND 2021**

**NOTE 4 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable as of June 30, 2022 and 2021 are summarized as follows:

	<b>2022</b>	<b>2021</b>
JA Finance Park pledges and fees	\$ 435,793	\$ 587,521
JA BizTown program	9,859	13,304
Other	95,536	92,260
	<u>541,188</u>	<u>693,085</u>
Less discounts to net present value	(28,031)	(29,676)
Less allowance for uncollectible amounts	<u>(51,814)</u>	<u>(64,314)</u>
Total	<u><u>\$ 461,343</u></u>	<u><u>\$ 599,095</u></u>

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

	<b>2022</b>	<b>2021</b>
Current portion	\$ 253,874	\$ 279,719
Non-current portion	<u>207,469</u>	<u>319,376</u>
Total	<u><u>\$ 461,343</u></u>	<u><u>\$ 599,095</u></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:

	<b>2022</b>	<b>2021</b>
Due in one to five years	\$ 183,921	\$ 272,274
Due in six to ten years	<u>23,548</u>	<u>47,102</u>
Total non-current portion	<u><u>\$ 207,469</u></u>	<u><u>\$ 319,376</u></u>

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<b>2022</b>	<b>2021</b>
Tenant improvements	\$ 3,146,090	\$ 3,111,407
Furniture and equipment	844,827	838,016
Website	37,500	37,500
Automobile	54,056	43,128
	<u>4,082,473</u>	<u>4,030,051</u>
Less accumulated depreciation	<u>(2,572,655)</u>	<u>(2,332,562)</u>
Net	<u>\$ 1,509,818</u>	<u>\$ 1,697,489</u>

Depreciation expense was \$274,595 and \$262,895 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 6 - DEFERRED REVENUE**

Deferred revenue consists of the following:

	<b>2022</b>	<b>2021</b>
JA BizTown program	\$ 36,000	\$ 36,000
Golf tournament	10,000	10,000
Nashville Business Hall of Fame	9,000	104,176
Other events and contributions	5,675	20,000
JA Finance Park program	225	-
	<u>\$ 60,900</u>	<u>\$ 170,176</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, 2022 and 2021.

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 8 - NOTES PAYABLE**

The Organization's outstanding debt as of June 30, 2022 and 2021 was as follows:

	<b>2022</b>	<b>2021</b>
Note payable	\$ 60,632	\$ 196,239
Less current portion	<u>(23,297)</u>	<u>(23,998)</u>
Total non-current portion	<u>\$ 37,335</u>	<u>\$ 172,241</u>

The Organization has an automobile note payable to Ford Motor Credit due in monthly installments aggregating \$584 including interest at .90%. The note matures in January 2027 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 note 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 \$29,167 and \$45,167 as of June 30, 2022 and 2021, respectively.

The Organization received the second installment of the PPP loan in March 2021. The loan balance of \$140,795 was forgiven by the United States of America Small Business Administration on September 26, 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:

<b>Year Ending June 30,</b>	<b>Amount</b>
2023	\$ 23,297
2024	19,316
2025	6,877
2026	6,939
2027	<u>4,203</u>
	<u>\$ 60,632</u>

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS**

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

	2022	2021
Contributions and pledges for JA Finance		
Park capital improvements and program	\$ 702,038	\$ 902,781
Contributions for Start-Up/STEM	73,500	-
Other contributions	-	2,892
	<u>\$ 775,538</u>	<u>\$ 905,673</u>

**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 \$2,373,421 and \$2,873,195 as of June 30, 2022 and 2021, respectively. The distributions received for the years ended June 30, 2022 and 2021 totaled \$144,393 and \$128,700, respectively.

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2022 AND 2021**

**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, 2022 and 2021 as follows:

	<b>2022</b>	<b>2021</b>
Special events	\$ 16,224	\$ 21,722
Management and general	<u>26,625</u>	<u>18,275</u>
Total in-kind contributions	<u><u>\$ 42,849</u></u>	<u><u>\$ 39,997</u></u>

**NOTE 12 - OPERATING LEASE**

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.

Future minimum rental commitments are as follows:

<b>Year Ending June 30,</b>	<b>Amount</b>
2023	\$ 197,488
2024	202,425
2025	207,485
2026	212,673
2027	<u>35,590</u>
	<u><u>\$ 855,661</u></u>

Office and facilities rent amounted to \$192,971 and \$187,144 for the years ended June 30, 2022 and 2021, respectively. The copier lease payments are part of the repair and maintenance expenses in the statements of functional expenses.

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2022 AND 2021**

**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 \$192,889 and \$56,731 for 2022 and 2021, respectively.

**NOTE 14 - MULTI-EMPLOYER 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 fulltime employees of the Organization, JA Worldwide, Inc. and participating Junior Achievement Areas 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, JA Worldwide, Inc. 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.

During 2019, the Board of Directors of the Organization approved the termination of the pension 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, JA Worldwide, Inc. and participating Junior Achievement Areas continued to make contributions equal to 13.25% of participants' eligible compensation.

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 14 - MULTI-EMPLOYER PENSION PLAN (CONTINUED)**

During 2020, 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, 2022 and 2021, are restricted for additional benefit payments, if any, plus future termination and other required administrative expenses. Approximately \$4 million of the plan's assets are expected to be returned to JA USA to repay the funds JA USA had advanced to the Plan to help ensure it was fully funded.

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, 2022.

To coincide with the termination of the Plan, the Organization implemented a Defined Contribution 401(k) plan for eligible employees during 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 participating employers. Employees of the Organization, JA Worldwide, Inc. 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, 2022 and 2021 was \$96,426 and \$68,057, respectively.

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 15 - 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.

**NOTE 16 - RETIREMENT PLAN**

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 \$12,115 and \$14,256 for the years ended June 30, 2022 and 2021, respectively.