

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEARS ENDED JUNE 30, 2023 AND 2022**

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Edmondson, Betzler & Dame  
Certified Public Accountants

## **INDEPENDENT AUDITORS' REPORT**

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

### **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, 2023 and 2022, 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, 2023 and 2022, 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, 2023

**JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

<b>ASSETS</b>			
		<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$ 1,235,035	\$ 1,224,166
Contributions receivable currently due, net		262,109	253,874
Prepaid expenses and other current assets		28,290	35,276
		<u>1,525,434</u>	<u>1,513,316</u>
Total current assets			
Non-current contributions receivable, net		131,138	207,469
Property and equipment, net		1,279,236	1,509,818
Right-of-use assets		1,251,383	-
		<u>2,661,757</u>	<u>1,717,287</u>
Total long term assets			
<b>TOTAL ASSETS</b>		<u><b>\$ 4,187,191</b></u>	<u><b>\$ 3,230,603</b></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses		\$ 53,990	\$ 35,831
Deferred revenue		119,674	60,900
Current portion of notes payable		19,316	23,297
Current portion of long-term lease obligation		181,096	-
		<u>374,076</u>	<u>120,028</u>
Total current liabilities			
<b>LONG TERM LIABILITIES</b>			
Notes payable, net of current portion		17,926	37,335
Long-term lease obligation		1,089,537	-
		<u>1,107,463</u>	<u>37,335</u>
Total long term liabilities			
Total liabilities		<u>1,481,539</u>	<u>157,363</u>
<b>NET ASSETS</b>			
Without donor restriction		2,067,143	2,297,702
With donor restriction		638,509	775,538
		<u>2,705,652</u>	<u>3,073,240</u>
Total net assets			
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u><b>\$ 4,187,191</b></u>	<u><b>\$ 3,230,603</b></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, 2023 AND 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support						
Contributions:						
Corporations	\$ 52,743	\$ 353,575	\$ 406,318	\$ 48,778	\$ 176,250	\$ 225,028
Individuals	106,603	15,459	122,062	103,219	5,946	109,165
Foundations	368,413	157,500	525,913	367,575	109,000	476,575
Total contributions	527,759	526,534	1,054,293	519,572	291,196	810,768
Special events	513,832	-	513,832	475,513	-	475,513
Program fees	176,575	-	176,575	165,840	-	165,840
In-kind contributions	43,721	-	43,721	42,849	-	42,849
Other	31,499	-	31,499	8,341	-	8,341
Interest	8,420	-	8,420	6,347	27	6,374
Merchandise sales	675	-	675	1,173	-	1,173
Government grant - PPP loan forgiveness	-	-	-	140,795	-	140,795
Gain on sale of assets	-	-	-	17,874	-	17,874
Net assets released from restrictions	663,563	(663,563)	-	421,358	(421,358)	-
Total revenues and other support	1,966,044	(137,029)	1,829,015	1,799,662	(130,135)	1,669,527
Expenses						
Functional expenses:						
Program services	1,497,187	-	1,497,187	1,270,562	-	1,270,562
Management and general	278,007	-	278,007	213,080	-	213,080
Fundraising	234,275	-	234,275	158,948	-	158,948
Total functional expenses	2,009,469	-	2,009,469	1,642,590	-	1,642,590
Special events	187,134	-	187,134	156,769	-	156,769
Total expenses	2,196,603	-	2,196,603	1,799,359	-	1,799,359
INCREASE (DECREASE) IN NET ASSETS	(230,559)	(137,029)	(367,588)	303	(130,135)	(129,832)
NET ASSETS, BEGINNING OF THE YEAR	2,297,702	775,538	3,073,240	2,297,399	905,673	3,203,072
NET ASSETS, END OF THE YEAR	\$ 2,067,143	\$ 638,509	\$ 2,705,652	\$ 2,297,702	\$ 775,538	\$ 3,073,240

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, 2023**

	Program Activities				Supporting Activities		
	Education	JA Biztown	JA Finance Park	Programs Subtotal	Management and General	Fund Raising	Total
Salaries and benefits	\$ 110,533	\$ 202,162	\$ 138,460	\$ 451,155	\$ 79,416	\$ 161,307	\$ 691,878
Lease amortization	10,837	101,867	88,862	201,566	8,670	6,502	216,738
Program and support fees	34,629	43,286	57,139	135,054	15,583	22,509	173,146
Employee insurance	13,863	46,221	33,516	93,600	10,430	9,713	113,743
Repairs and maintenance	7,741	50,707	40,304	98,752	4,854	4,941	108,547
Student transportation	-	50,801	32,524	83,325	-	-	83,325
Program materials	22,396	36,727	8,292	67,415	-	-	67,415
Payroll taxes	8,220	14,799	10,089	33,108	5,858	12,088	51,054
Outside services	1,404	1,434	699	3,537	36,331	1,072	40,940
Utilities	1,876	17,634	15,382	34,892	1,501	1,125	37,518
Business insurance	4,104	8,710	7,690	20,504	1,937	2,712	25,153
Computer expense	5,703	5,820	5,164	16,687	2,333	4,207	23,227
Telephone	3,955	6,475	3,498	13,928	1,548	2,730	18,206
Retirement benefits	1,555	4,160	4,237	9,952	2,308	1,122	13,382
Program insurance	8,093	1,577	841	10,511	-	-	10,511
Professional fees	-	2,325	2,976	5,301	3,999	-	9,300
Staff training	-	955	1,970	2,925	5,904	183	9,012
Business development	-	-	-	-	8,064	929	8,993
Subscriptions	-	16	28	44	6,234	2,125	8,403
Office supplies	430	544	518	1,492	1,590	399	3,481
Volunteer training	1,515	175	438	2,128	-	-	2,128
Postage	289	347	210	846	115	223	1,184
Travel	-	-	-	-	-	514	514
Marketing	-	6	5	11	-	451	462
Public relations	-	-	-	-	291	-	291
Interest	-	-	-	-	283	-	283
Total functional expenses before depreciation and in-kind items	237,143	596,748	452,842	1,286,733	197,249	234,852	1,718,834
Depreciation	-	64,768	163,589	228,357	32,352	-	260,709
In-kind items	-	-	-	-	29,926	-	29,926
Total functional expenses	\$ 237,143	\$ 661,516	\$ 616,431	\$ 1,515,090	\$ 259,527	\$ 234,852	\$ 2,009,469

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 Biltown	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
Rent	9,634	90,555	78,995	179,184	8,007	5,780
Program and support fees	38,412	43,899	60,362	142,673	16,462	23,779
Repairs and maintenance	9,038	43,274	37,189	89,501	5,479	6,312
Employee insurance	13,367	31,065	31,725	76,157	9,954	10,315
Payroll taxes	7,852	10,811	9,392	28,055	6,666	6,514
Utilities	1,778	16,824	14,688	33,290	1,446	1,075
Program materials	9,237	22,062	4,171	35,470	-	-
Computer expense	4,422	3,075	3,835	11,332	3,076	3,383
Outside services	653	801	586	2,040	13,627	1,617
Telephone	3,426	4,822	2,664	10,912	2,346	2,558
Retirement benefits	1,716	2,345	3,763	7,824	1,635	2,656
Program insurance	6,706	3,832	107	10,645	-	-
Student transportation	-	2,775	7,200	9,975	-	-
Professional fees	-	2,384	927	3,311	5,639	-
Business development	-	122	108	230	7,035	1,437
Subscriptions	94	245	441	780	6,334	1,423
Business insurance	1,091	1,137	977	3,205	551	857
Staff training	-	-	-	-	4,019	-
Marketing	-	338	93	431	-	3,277
Office supplies	331	1,576	375	2,282	792	219
Travel	-	-	-	-	-	2,763
Volunteer training	1,893	13	37	1,943	-	-
Public relations	-	27	28	55	971	-
Interest	-	-	25	25	395	-
Postage	110	79	79	268	39	110
Total functional expenses before depreciation and in-kind items	207,258	440,354	378,435	1,026,047	156,375	158,948
Depreciation	-	-	-	-	30,080	-
In-kind items	-	-	-	-	26,625	-
Total functional expenses	\$ 207,258	\$ 504,561	\$ 558,743	\$ 1,270,562	\$ 213,080	\$ 158,948
						\$ 1,642,590

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, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (367,588)	\$ (129,832)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	260,709	274,595
Amortization of right-of-use assets	216,738	-
Gain on sale of fixed assets	-	(17,874)
Government grant recognized from PPP loan forgiveness	-	(140,795)
Decrease in contributions receivable, net	68,096	137,752
(Increase) decrease in other current assets	6,986	(5,201)
Increase in accounts payable and accrued expenses	18,159	11,048
Decrease in operating lease liability	(197,488)	-
Increase (decrease) in deferred revenue	58,774	(109,276)
Net cash provided by operating activities	<u>64,386</u>	<u>20,417</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of leasehold improvements	(12,295)	(34,421)
Purchases of property and equipment	(17,832)	(61,129)
Proceeds from sale of assets	<u>-</u>	<u>26,500</u>
Net cash used in investing activities	<u>(30,127)</u>	<u>(69,050)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of notes payable	-	34,262
Principal payments on notes payable	<u>(23,390)</u>	<u>(29,074)</u>
Net cash provided by (used in) financing activities	<u>(23,390)</u>	<u>5,188</u>
Increase (decrease) in cash and cash equivalents	10,869	(43,445)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>1,224,166</u>	<u>1,267,611</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u><u>\$ 1,235,035</u></u>	<u><u>\$ 1,224,166</u></u>
<b><u>SUPPLEMENTAL DISCLOSURES</u></b>		
CASH PAID DURING THE YEAR FOR INTEREST	<u><u>\$ 283</u></u>	<u><u>\$ 420</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, 2023 AND 2022**

**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 22,282 students in kindergarten through twelfth grade benefited from the economic education programs. The programs also meet the state's curriculum requirements for economics, with the aid of 2,388 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, 2023 AND 2022**

**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, 2023 AND 2022**

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

Deferred Revenue

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

Property and Equipment

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

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

Income Taxes

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

The Organization has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, including the position that the Organization continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended June 30, 2023, 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, 2023 AND 2022**

**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, 2023 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, 2023 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, 2023, the Organization had \$814,255 that was uninsured by the Federal Deposit Insurance Corporation.

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

The Organization has \$1,317,138 of financial assets available within one year of the statement financial position date consisting of cash of \$1,235,095, and net accounts receivable not restricted by donors of \$82,043. 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 \$254,000. 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, 2023 AND 2022**

**NOTE 4 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable as of June 30, 2023 and 2022 are summarized as follows:

	<b>2023</b>	<b>2022</b>
JA Finance Park pledges and fees	\$ 350,468	\$ 435,793
JA BizTown program	17,273	9,859
Other	82,043	95,536
	<u>449,784</u>	<u>541,188</u>
Less discounts to net present value	(17,862)	(28,031)
Less allowance for uncollectible amounts	<u>(38,675)</u>	<u>(51,814)</u>
Total	<u><u>\$ 393,247</u></u>	<u><u>\$ 461,343</u></u>

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

	<b>2023</b>	<b>2022</b>
Current portion	\$ 262,109	\$ 253,874
Non-current portion	<u>131,138</u>	<u>207,469</u>
Total	<u><u>\$ 393,247</u></u>	<u><u>\$ 461,343</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>2023</b>	<b>2022</b>
Due in one to five years	\$ 131,138	\$ 183,921
Due in six to ten years	<u>-</u>	<u>23,548</u>
Total non-current portion	<u><u>\$ 131,138</u></u>	<u><u>\$ 207,469</u></u>

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<b>2023</b>	<b>2022</b>
Tenant improvements	\$ 3,175,152	\$ 3,146,090
Furniture and equipment	845,891	844,827
Website	37,500	37,500
Automobile	54,056	54,056
	<u>4,112,599</u>	<u>4,082,473</u>
Less accumulated depreciation	<u>(2,833,363)</u>	<u>(2,572,655)</u>
Net	<u><u>\$ 1,279,236</u></u>	<u><u>\$ 1,509,818</u></u>

Depreciation expense was \$260,709 and \$274,595 for the years ended June 30, 2023 and 2022, respectively.

**NOTE 6 - DEFERRED REVENUE**

Deferred revenue consists of the following:

	<b>2023</b>	<b>2022</b>
JA BizTown program	\$ 51,000	\$ 36,000
Golf tournament	10,000	10,000
Nashville Business Hall of Fame	15,000	9,000
Awareness Breakfast	12,500	-
Other events and contributions	31,174	5,675
JA Finance Park program	-	225
	<u><u>\$ 119,674</u></u>	<u><u>\$ 60,900</u></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, 2023 and 2022.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
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**NOTE 8 - NOTES PAYABLE**

The Organization's outstanding debt as of June 30, 2023 and 2022 was as follows:

	<b>2023</b>	<b>2022</b>
Note payable	\$ 37,242	\$ 60,632
Less current portion	<u>(19,316)</u>	<u>(23,297)</u>
Total non-current portion	<u><u>\$ 17,926</u></u>	<u><u>\$ 37,335</u></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 noted bearing two percent (2%) above the prime rate as established by Citibank N.A. with the total amount of the unpaid balance due immediately. Twelve quarterly payments of \$4,167 begin on June 30, 2022. The note matures on March 31, 2024. The balance of this note was \$12,500 and \$29,167 as of June 30, 2023 and 2022, respectively.

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

<b>Year Ending June 30,</b>	<b>Amount</b>
2024	\$ 19,316
2025	6,877
2026	6,939
2027	4,110
	<u><u>\$ 37,242</u></u>



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**NOTE 9 – LEASE**

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, Leases (Topic 842). This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent amongst the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The Organization adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

The Organization leases its administrative offices and JA BizTown and JA Finance Park facilities under an operating lease expiring August 31, 2026 with the option to extend another five years. The Organization pays certain operating expenses in addition to the base rent. The Organization adopted right-of-use assets representing the right to use the underlying asset and lease liabilities representing the obligation to make future lease payments are recognized on the balance sheet. These assets and liabilities are estimated based on the present value of future lease payments discounted using the Organization's incremental secured borrowing rates as of the commencement date of the lease.

The following table represents lease assets and lease liabilities as of June 30, 2023:

Operating lease right-of-use asset	<u>\$ 1,251,383</u>
Current portion of long-term lease obligation	\$ 181,096
Long-term lease obligation	<u>1,089,537</u>
Total operating lease obligation	<u>\$ 1,270,633</u>

The total lease cost related to operating leases is recognized on a straight-line basis over the lease term. The components of the Organization's cost were as follows as of June 30, 2023:

Operating lease cost	\$ 218,854
Weighted average lease term (in years)	9.17
Weighted average discount rate	7.25%

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 9 - LEASE**

Supplemental cash flow information related to operating leases is as follows as of June 30, 2023:

Cash paid for amounts included in measurement of operating lease liability	<u>\$ 197,488</u>
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Payments of lease obligation is as follows:

Year Ending June 30,	Amount
2024	\$ 202,425
2025	207,486
2026	212,673
2027	217,990
2028	223,439
2029 and thereafter	<u>744,662</u>
	1,808,675
Less: imputed interest	<u>(538,042)</u>
Total lease obligation	<u>\$ 1,270,633</u>

**NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS**

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

	2023	2022
Contributions and pledges for JA Finance		
Park capital improvements and program	\$ 536,509	\$ 702,038
Contributions for JA Biztown sponsorship and programming	45,000	-
Contributions for Start-Up/STEM	<u>57,000</u>	<u>73,500</u>
	<u>\$ 638,509</u>	<u>\$ 775,538</u>

**NOTE 11 - FUNDS HELD BY OTHERS**

On January 13, 1995, the Organization created the Junior Achievement Agency Fund with the Community Foundation of Middle Tennessee (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.

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**NOTE 11 - FUNDS HELD BY OTHERS (CONTINUED)**

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 \$2,456,251 and \$2,373,421 as of June 30, 2023 and 2022, respectively. The distributions received for the years ended June 30, 2023 and 2022 totaled \$122,552 and \$144,393, respectively.

**NOTE 12 - 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, 2023 and 2022 as follows:

	<b>2023</b>	<b>2022</b>
Special events	\$ 13,795	\$ 16,224
Management and general	<u>29,926</u>	<u>26,625</u>
Total in-kind contributions	<u>\$ 43,721</u>	<u>\$ 42,849</u>

**JUNIOR ACHIEVEMENT  
OF MIDDLE TENNESSEE, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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 \$173,146 and \$182,914 for 2023 and 2022, respectively.

**NOTE 14 - 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, 2023 and 2022 was \$113,743 and \$96,426, respectively.

Postretirement Benefits Plan

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

**NOTE 15 - 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 were \$13,382 and \$12,115 for the years ended June 30, 2023 and 2022, respectively.