



Edmondson, Betzler & Montgomery, PLLC
(Certified Public Accountants)

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

We have audited the financial statements of the Junior Achievement of Middle Tennessee, Inc. for the year ended June 30, 2013, and have issued our report thereon dated August 14, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 17, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Junior Achievement of Middle Tennessee, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by Junior Achievement of Middle Tennessee, Inc. during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the pledges receivable. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 14, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Junior Achievement of Middle Tennessee, Inc.'s financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Junior Achievement of Middle Tennessee, Inc.'s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management, and is not intended to be and should not be used by anyone other than these specified parties.

Edmondson, Bethe & Montgomery, PLLC

August 14, 2013

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
FINANCIAL STATEMENTS,
SUPPLEMENTAL SCHEDULES,
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2013 AND 2012**

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
FINANCIAL STATEMENTS,
SUPPLEMENTAL SCHEDULES
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2013 AND 2012**

TABLE OF CONTENTS

| | PAGE |
|--------------------------------------|---------------|
| INDEPENDENT AUDITORS' REPORT | 1 - 2 |
| FINANCIAL STATEMENTS | |
| Statements of Financial Position | 3 |
| Statements of Activities | 4 |
| Statements of Cash Flows | 5 |
| NOTES TO FINANCIAL STATEMENTS | 6 - 15 |
| SUPPLEMENTAL SCHEDULES | |
| Schedule of Functional Expenses | 16 |
| Schedule of Special Events | 17 - 18 |
| Schedule of Activities by Division | 19 |

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, 2013 and 2012, and the related statements of activities 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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, 2013 and 2012, 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules, as listed in the table of contents, on pages 15 through 18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

August 14, 2013

JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

| | 2013 | 2012 |
|---|--------------------------|--------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 126,924 | \$ 139,459 |
| Contributions receivable currently due, net | 204,181 | 182,019 |
| Inventory | 2,400 | 4,811 |
| Prepaid expenses and other current assets | 9,963 | 6,502 |
| | <u>343,468</u> | <u>332,791</u> |
| Total current assets | 343,468 | 332,791 |
| Non-current contributions receivable, net | 507,569 | 578,637 |
| Property and equipment, net | 43,415 | 50,377 |
| | <u>550,984</u> | <u>629,014</u> |
| Total long term assets | 550,984 | 629,014 |
| TOTAL ASSETS | <u><u>\$ 894,452</u></u> | <u><u>\$ 961,805</u></u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 81,141 | \$ 113,389 |
| Deferred revenue | 121,843 | 52,463 |
| Current portion of notes payable | 3,502 | 30,740 |
| | <u>206,486</u> | <u>196,592</u> |
| Total current liabilities | 206,486 | 196,592 |
| LONG TERM LIABILITIES | | |
| Notes payable, net of current portion | 15,693 | - |
| | <u>15,693</u> | <u>-</u> |
| Total long term liabilities | 15,693 | - |
| Total liabilities | <u>222,179</u> | <u>196,592</u> |
| NET ASSETS | | |
| Unrestricted | 21,704 | 59,076 |
| Temporarily restricted | 650,569 | 706,137 |
| | <u>672,273</u> | <u>765,213</u> |
| Total net assets | 672,273 | 765,213 |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 894,452</u></u> | <u><u>\$ 961,805</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, 2013 AND 2012

| | 2013 | | | 2012 | | |
|--|---------------------|-----------------------------------|--------------|---------------------|-----------------------------------|--------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
| Revenues and other support | | | | | | |
| Contributions: | | | | | | |
| Corporations | \$ 96,230 | \$ 150,432 | \$ 246,662 | \$ 86,096 | \$ 152,566 | \$ 238,662 |
| Individuals | 52,630 | 810 | 53,440 | 75,373 | 500 | 75,873 |
| Foundations | 144,031 | 76,080 | 220,111 | 168,215 | 36,000 | 204,215 |
| Total contributions | 292,891 | 227,322 | 520,213 | 329,684 | 189,066 | 518,750 |
| Special events | 523,633 | - | 523,633 | 542,595 | - | 542,595 |
| Program fees | 158,058 | - | 158,058 | 162,339 | - | 162,339 |
| In-kind contributions | 74,416 | 778 | 75,194 | 38,194 | 230 | 38,424 |
| Merchandise sales | 6,786 | - | 6,786 | 7,513 | - | 7,513 |
| Rental | 2,500 | - | 2,500 | 2,500 | - | 2,500 |
| Interest | 5,090 | - | 5,090 | 5,000 | - | 5,000 |
| Other | 9,277 | - | 9,277 | 9,705 | - | 9,705 |
| Gain on sale of property and equipment | 15,000 | - | 15,000 | - | - | - |
| Net assets released from restrictions | 283,668 | (283,668) | - | 264,480 | (264,480) | - |
| Total revenues and other support | 1,371,319 | (55,568) | 1,315,751 | 1,362,010 | (75,184) | 1,286,826 |
| Expenses | | | | | | |
| Functional expenses: | | | | | | |
| Program services | 946,451 | - | 946,451 | 1,003,388 | - | 1,003,388 |
| Management and general | 130,118 | - | 130,118 | 120,915 | - | 120,915 |
| Fundraising | 107,882 | - | 107,882 | 116,852 | - | 116,852 |
| Total functional expenses | 1,184,451 | - | 1,184,451 | 1,241,155 | - | 1,241,155 |
| Special events | 162,767 | - | 162,767 | 157,646 | - | 157,646 |
| Franchise and licensee fees | 61,473 | - | 61,473 | 51,537 | - | 51,537 |
| Total expenses | 1,408,691 | - | 1,408,691 | 1,450,338 | - | 1,450,338 |
| DECREASE IN NET ASSETS | (37,372) | (55,568) | (92,940) | (88,328) | (75,184) | (163,512) |
| NET ASSETS, BEGINNING OF THE YEAR | 59,076 | 706,137 | 765,213 | 147,404 | 781,321 | 928,725 |
| NET ASSETS, END OF THE YEAR | \$ 21,704 | \$ 650,569 | \$ 672,273 | \$ 59,076 | \$ 706,137 | \$ 765,213 |

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, 2013 AND 2012

| | 2013 | 2012 |
|---|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Decrease in net assets | \$ (92,940) | \$ (163,512) |
| Adjustments to reconcile decrease in net assets to net cash provided by operating activities: | | |
| Gain on sale of property and equipment | (15,000) | - |
| Depreciation | 41,471 | 140,825 |
| Decrease in contributions receivable, net | 48,906 | 78,194 |
| (Increase) decrease in prepaid expenses and other current assets | (1,050) | 7,532 |
| Increase (decrease) in accounts payable and accrued expenses | (32,248) | 11,127 |
| Increase in deferred revenue | 69,380 | 9,257 |
| Net cash provided by operating activities | <u>18,519</u> | <u>83,423</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of property and equipment | 15,000 | - |
| Purchases of property and equipment | <u>(34,509)</u> | <u>(5,548)</u> |
| Net cash used in investing activities | <u>(19,509)</u> | <u>(5,548)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings and refinancing of notes payable | 140,195 | 131,700 |
| Principal payments on and refinancing of notes payable | <u>(151,740)</u> | <u>(203,396)</u> |
| Net cash used in financing activities | <u>(11,545)</u> | <u>(71,696)</u> |
| Increase (decrease) in cash and cash equivalents | (12,535) | 6,179 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR | <u>139,459</u> | <u>133,280</u> |
| CASH AND CASH EQUIVALENTS, END OF THE YEAR | <u>\$ 126,924</u> | <u>\$ 139,459</u> |
| <u>SUPPLEMENTAL DISCLOSURES</u> | | |
| CASH PAID DURING THE YEAR FOR INTEREST | <u>\$ 1,252</u> | <u>\$ 6,289</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, 2013 AND 2012**

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 30,452 students in kindergarten through twelfth grade, in 207 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 1,902 volunteer role models from business, industry and the community. Junior Achievement's funding support comes primarily from businesses, foundations, special events and individuals.

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

Basis of Accounting

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

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets based on the existence or absence of donor-imposed restrictions.

Contributions

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

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2013 AND 2012**

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, 2013, 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.

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2013 AND 2012**

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.

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.

Events Occurring After Reporting Date

Junior Achievement of Middle Tennessee, Inc. has evaluated events and transactions that occurred after June 30, 2013, 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, 2013 financial statements.

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2013 AND 2012**

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, 2013, the Organization did not have cash balances beyond this limit.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable as of June 30, 2013 and 2012 are summarized as follows:

| | 2013 | 2012 |
|--|-------------------|-------------------|
| JA BizTown program | \$ 743,000 | \$ 827,500 |
| Other corporations and individuals | <u>71,181</u> | <u>64,519</u> |
| | 814,181 | 892,019 |
| Less discounts to net present value | (92,431) | (121,363) |
| Less allowance for uncollectible amounts | <u>(10,000)</u> | <u>(10,000)</u> |
| Total | <u>\$ 711,750</u> | <u>\$ 760,656</u> |

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

| | 2013 | 2012 |
|---------------------|-------------------|-------------------|
| Current portion | \$ 204,181 | \$ 182,019 |
| Non-current portion | <u>507,569</u> | <u>578,637</u> |
| Total | <u>\$ 711,750</u> | <u>\$ 760,656</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 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:

| | 2013 | 2012 |
|---------------------------|-------------------|-------------------|
| Due in one to five years | \$ 354,595 | \$ 354,595 |
| Due after five years | <u>152,974</u> | <u>224,042</u> |
| Total non-current portion | <u>\$ 507,569</u> | <u>\$ 578,637</u> |

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

| | 2013 | 2012 |
|-------------------------------|-------------------------|-------------------------|
| Tenant improvements | \$ 1,272,201 | \$ 1,272,201 |
| Furniture and equipment | 541,984 | 541,677 |
| Automobile | <u>34,202</u> | <u>36,193</u> |
| | 1,848,387 | 1,850,071 |
| Less accumulated depreciation | <u>(1,804,972)</u> | <u>(1,799,694)</u> |
| Net | <u><u>\$ 43,415</u></u> | <u><u>\$ 50,377</u></u> |

Depreciation expense was \$41,471 and \$140,825 for the years ended June 30, 2013 and 2012, respectively.

NOTE 5 - DEFERRED REVENUE

Deferred revenue consists of the following:

| | 2013 | 2012 |
|---------------------------------|--------------------------|-------------------------|
| JA Biztown camp | \$ 13,693 | \$ 9,963 |
| Nashville Business Hall of Fame | 2,500 | 7,500 |
| Contributions | <u>105,650</u> | <u>35,000</u> |
| | <u><u>\$ 121,843</u></u> | <u><u>\$ 52,463</u></u> |

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 6 - NOTES PAYABLE

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

| | 2013 | 2012 |
|----------------------------|------------------|-----------------|
| Note payable to First Bank | \$ 19,195 | \$ - |
| Other notes | <u>-</u> | <u>30,740</u> |
| | 19,195 | 30,740 |
| Less current portion | <u>(3,502)</u> | <u>(30,740)</u> |
| Total non-current portion | <u>\$ 15,693</u> | <u>\$ -</u> |

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

The Organization has a \$200,000 revolving line-of-credit with Capstar Bank with interest at a floating rate, 5% at June 30, 2013. The credit agreement expires in January 2014. This line of credit had a zero balance at June 30, 2013.

Maturities of notes payable are as follows:

| Year Ending June 30, | Amount |
|-------------------------|------------------|
| 2014 | \$ 3,502 |
| 2015 | 3,680 |
| 2016 | 3,839 |
| 2017 | 4,005 |
| 2018 | <u>4,169</u> |
| | <u>\$ 19,195</u> |

Interest expense was \$1,252 and \$6,289 for the years ended June 30, 2013 and 2012, respectively.

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

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

| | 2013 | 2012 |
|---|-------------------|-------------------|
| Contribution receivable restricted for JA BizTown program | <u>\$ 650,569</u> | <u>\$ 706,137</u> |

NOTE 8 - AGENCY FUND

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

The Foundation has ultimate authority and control over all property of the Fund, 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 Fund is charged an asset management fee by the Foundation equal to 0.75% of the current value of the Fund annually, payable quarterly in arrears.

The market value of the Fund was \$105,171 and \$98,109 as of June 30, 2013 and 2012, 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, 2013 and 2012 as follows:

| | 2013 | 2012 |
|-----------------------------|------------------|------------------|
| Special events | \$ 46,256 | \$ 28,249 |
| Program materials | 5,956 | 5,902 |
| Program materials - Biztown | 778 | 230 |
| Management and general | <u>22,204</u> | <u>4,043</u> |
| Total in-kind contributions | <u>\$ 75,194</u> | <u>\$ 38,424</u> |

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2013 AND 2012**

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, 2014. 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 |
|---------------------------------|-------------------|
| 2014 | \$ 182,422 |
| 2015 | 44,888 |
| 2016 | 17,220 |
| 2017 | 17,220 |
| 2018 | <u>2,870</u> |
| Total | <u>\$ 264,620</u> |

Rent amounted to \$160,390 and \$156,478 for the years ended June 30, 2013 and 2012, respectively. The copier lease payments are part of the repair and maintenance expenses in the supplemental schedules.

Junior Achievement of Middle Tennessee, Inc. began subleasing a portion of the facility in May 2010. Rental income for the both years ending June 30, 2013 and 2012 was \$2,500.

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 \$61,473 and \$51,537 for 2013 and 2012, respectively.

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 12 - MULTIEMPLOYER PENSION PLAN

The Organization offers a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan is administered by Junior Achievement USA® and covers all full-time employees and employees of participating members of the Organization. The Plan is accounted for like a multi-employer plan. Benefits are determined based on years of service and salary history. The Plan's assets are invested in various investment funds. The respective participants' employers are required to fund the Plan, as determined necessary by Junior Achievement USA's Board of Directors, based on an annual actuarial valuation. Effective July 1, 2012, the Organization makes contributions equal to 16.75% of participants' eligible compensation. Prior to this, the Organization made contributions equal to 11.5% of participants' eligible compensation. Additionally, 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 some of its multiemployer plans, the Organization may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Organization's participation in this plan for the annual period ended June 30, 2013 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number. Finally, the number of employees covered by the Organization's multiemployer plan increased by 5 percent from 2012 to 2013 and the plan increased its base for contributions from 11.5% of eligible compensation in 2012 to 16.75% of eligible compensation in 2013. These factors affect the period-to-period comparability of the contributions for years 2013 and 2012.

**JUNIOR ACHIEVEMENT
OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 12 - MULTIEMPLOYER PENSION PLAN (CONTINUED)

| Pension Fund | EIN/ Pension Plan Number | Funded Status | | Contributions of Organization | |
|---|-----------------------------|---------------|------|----------------------------------|------------------|
| | | 2013 | 2012 | 2013 | 2012 |
| Retirement Plan for Employees of Junior Achievement USA | 13-1635270 PN 333 | 66% | 56% | <u>\$ 54,662</u> | <u>\$ 48,359</u> |

The Organization was listed in its plan's Form 5500 as providing more than 5 percent of the total contributions to the Retirement Plan for Employees of Junior Achievement USA for plan years 2013 and 2012.

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 plan for each participant by the Organization. All the assets and liabilities of the 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 Organization also offers health care benefits to retired personnel of the Organization. The plan is administered by the Organization and accounted for like a multi-employer plan. 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 multi-employer 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 years ended June 30, 2013 and 2012 was \$63,459 and \$64,318, respectively.

SUPPLEMENTAL SCHEDULES

JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fund Raising</u> | <u>Total</u> |
|--|-----------------------------|-----------------------------------|-------------------------|---------------------|
| Salaries and benefits | \$ 383,206 | \$ 47,901 | \$ 47,901 | \$ 479,008 |
| Rent | 128,312 | 16,039 | 16,039 | 160,390 |
| Program materials | 120,591 | - | - | 120,591 |
| Repairs and maintenance | 70,908 | 8,863 | 8,863 | 88,634 |
| Employee insurance | 51,462 | 6,433 | 6,433 | 64,328 |
| Retirement benefits | 43,730 | 5,466 | 5,466 | 54,662 |
| Utilities | 30,606 | 3,826 | 3,826 | 38,258 |
| Payroll taxes | 28,028 | 3,503 | 3,503 | 35,034 |
| Telephone | 11,879 | 1,485 | 1,485 | 14,849 |
| Program insurance | 8,474 | - | - | 8,474 |
| Professional fees | - | 6,900 | - | 6,900 |
| Subscriptions | 5,340 | 668 | 668 | 6,676 |
| Staff training | 5,025 | 628 | 628 | 6,281 |
| Business insurance | 4,765 | 596 | 596 | 5,957 |
| Outside services | 4,507 | 563 | 563 | 5,633 |
| Business development | - | - | 4,716 | 4,716 |
| Office supplies | 2,347 | 293 | 293 | 2,933 |
| Volunteer training | 2,532 | - | - | 2,532 |
| Marketing | - | - | 2,152 | 2,152 |
| Travel | 1,274 | 159 | 159 | 1,592 |
| Postage | 1,130 | 141 | 141 | 1,412 |
| Computer expense | 1,054 | 132 | 132 | 1,318 |
| Interest | 1,002 | 125 | 125 | 1,252 |
| Public relations | 368 | 46 | 46 | 460 |
| Total functional expenses before depreciation and in-kind items | 906,540 | 103,767 | 103,735 | 1,114,042 |
| Depreciation | 33,177 | 4,147 | 4,147 | 41,471 |
| In-kind items | 6,734 | 22,204 | - | 28,938 |
| Total functional expenses | <u>\$ 946,451</u> | <u>\$ 130,118</u> | <u>\$ 107,882</u> | <u>\$ 1,184,451</u> |

JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.
SCHEDULE OF SPECIAL EVENTS
YEAR ENDED JUNE 30, 2013

BOWL-A-THON

| | |
|--------------------------|--------------------------|
| Revenues: | |
| Cash contributions | \$ 197,974 |
| In-kind contributions | 1,729 |
| Total Revenues | <u>199,703</u> |
| Expenses: | |
| T-shirts | 6,408 |
| Lanes fees | 4,775 |
| Gift certificates/Prizes | 4,281 |
| Online/credit card fees | 3,778 |
| Awards/luncheon | 1,334 |
| Printing/miscellaneous | 260 |
| Travel | 230 |
| Décor/supplies/photos | 204 |
| Concessions | 197 |
| Total Expenses | <u>21,467</u> |
| Net | <u><u>\$ 178,236</u></u> |

GOLF TOURNAMENTS

| | |
|------------------------|--------------------------|
| Revenues: | |
| Cash contributions | \$ 160,771 |
| In-kind contributions | 18,009 |
| Total Revenues | <u>178,780</u> |
| Expenses: | |
| Awards/gifts | 42,737 |
| Meals/entertainment | 21,225 |
| Green fees | 3,760 |
| Shoot out | 1,500 |
| Printing/miscellaneous | 236 |
| Golf Club rental | 158 |
| Total Expenses | <u>69,616</u> |
| Net | <u><u>\$ 109,164</u></u> |

NASHVILLE BUSINESS HALL OF FAME

| | |
|-------------------------|-------------------------|
| Revenues: | |
| Cash contributions | \$ 123,099 |
| In-kind contributions | 21,913 |
| Total Revenues | <u>145,012</u> |
| Expenses: | |
| Printing/postage | 25,610 |
| Dining and refreshments | 25,259 |
| Video/audio visual | 4,692 |
| Decorations | 952 |
| Awards/gifts | 511 |
| Supplies | 125 |
| Travel | 19 |
| Total Expenses | <u>57,168</u> |
| Net | <u><u>\$ 87,844</u></u> |

JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.
SCHEDULE OF SPECIAL EVENTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

AWARENESS EVENT

| | |
|-----------------------|------------------|
| Revenues: | |
| Cash contributions | \$ 25,810 |
| In-kind contributions | 205 |
| Total Revenues | <u>26,015</u> |
| Expenses: | |
| Food/linens | 5,175 |
| Audio/visual | 1,488 |
| Pledge write-off | 1,000 |
| Printing/supplies | 306 |
| Awards/gifts | 118 |
| Travel | 37 |
| Total Expenses | <u>8,124</u> |
| Net | <u>\$ 17,891</u> |

BOTTLES FOR BIZTOWN & RAFFLE

| | |
|--|------------------|
| Revenues: | |
| Cash contributions - Bottles for Biztown | \$ 12,564 |
| Cash contributions - Raffle | 4,110 |
| Cash contributions - Prior year event | 5 |
| In-kind contributions | 4,400 |
| Less: auction item split with JA Wisconsin | <u>(700)</u> |
| Total Revenues | <u>20,379</u> |
| Expenses: | |
| Raffle prize | 4,400 |
| Food/beverage | 753 |
| Entertainment/security | 476 |
| Fees | 467 |
| Supplies | 296 |
| Total Expenses | <u>6,392</u> |
| Net | <u>\$ 13,987</u> |

| | |
|---------------------------------|----------------|
| TOTAL SPECIAL EVENTS, REVENUES* | \$ 569,889 |
| TOTAL SPECIAL EVENTS, EXPENSES* | <u>162,767</u> |

| | |
|-----|-------------------|
| NET | <u>\$ 407,122</u> |
|-----|-------------------|

| | |
|---|------------------|
| * Total in-kind amounts included in revenues and expenses | <u>\$ 46,256</u> |
|---|------------------|

JUNIOR ACHIEVEMENT OF MIDDLE TENNESSEE, INC.
SCHEDULE OF ACTIVITIES BY DIVISION
YEAR ENDED JUNE 30, 2013

| | Junior Achievement Program Activities | JA BizTown Program Activities | Total |
|---|--|--|--------------------|
| Revenues and other support | | | |
| Contributions - special events | \$ 569,889 | \$ - | \$ 569,889 |
| Contributions - corporations and individuals | 321,051 | 228,100 | 549,151 |
| Program fees | | 158,058 | 158,058 |
| Other | 26,777 | 6,786 | 33,563 |
| Interest income | 5,090 | | 5,090 |
| | <u>922,807</u> | <u>392,944</u> | <u>1,315,751</u> |
| Total revenues and other support | | | |
| | <u>922,807</u> | <u>392,944</u> | <u>1,315,751</u> |
| Expenses | | | |
| Salaries and wages | 323,074 | 155,934 | 479,008 |
| Special events | 162,767 | | 162,767 |
| Rent | 68,967 | 91,423 | 160,390 |
| Program materials | 93,145 | 27,446 | 120,591 |
| Repairs and maintenance | 38,303 | 50,331 | 88,634 |
| Employee insurance | 49,203 | 15,125 | 64,328 |
| Franchise and licensee fees | 49,285 | 12,188 | 61,473 |
| Retirement benefits | 37,961 | 16,701 | 54,662 |
| Utilities | 14,889 | 23,369 | 38,258 |
| Payroll taxes | 23,464 | 11,570 | 35,034 |
| In-kind items | 28,160 | 778 | 28,938 |
| Telephone | 12,298 | 2,551 | 14,849 |
| Program insurance | 6,199 | 2,275 | 8,474 |
| Professional fees | 4,830 | 2,070 | 6,900 |
| Subscriptions | 6,260 | 416 | 6,676 |
| Staff training | 5,178 | 1,103 | 6,281 |
| Business insurance | 3,753 | 2,204 | 5,957 |
| Outside services | 3,783 | 1,850 | 5,633 |
| Business development | 4,662 | 54 | 4,716 |
| Office supplies | 1,233 | 1,700 | 2,933 |
| Volunteer training | 2,057 | 475 | 2,532 |
| Marketing | 947 | 1,205 | 2,152 |
| Travel | 1,584 | 8 | 1,592 |
| Postage | 1,243 | 169 | 1,412 |
| Computer expense | 951 | 367 | 1,318 |
| Interest | 1,030 | 222 | 1,252 |
| Public relations | 450 | 10 | 460 |
| | <u>945,676</u> | <u>421,544</u> | <u>1,367,220</u> |
| Total expenses before depreciation | | | |
| | <u>945,676</u> | <u>421,544</u> | <u>1,367,220</u> |
| DECREASE IN NET ASSETS BEFORE DEPRECIATION | (22,869) | (28,600) | (51,469) |
| Depreciation | 3,336 | 38,135 | 41,471 |
| DECREASE IN NET ASSETS | <u>\$ (26,205)</u> | <u>\$ (66,735)</u> | <u>\$ (92,940)</u> |