

Rocketown of Middle Tennessee, Inc.

Financial Statements
For the Years Ended June 30, 2023 and 2022

Rocketown of Middle Tennessee, Inc.
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Independent Auditor's Report

Board of Directors
Rockettown of Middle Tennessee, Inc.

Opinion

We have audited the financial statements of Rockettown of Middle Tennessee, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS will always detect a material misstatement when it exists. 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 GAAS, 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 the Organization'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 the Organization'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.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Brentwood, Tennessee
March 15, 2024

Rocketown of Middle Tennessee, Inc.

Statements of Financial Position

June 30, 2023 and 2022

	2023	2022
Assets		
Cash	\$ 209,517	\$ 683,382
Accounts receivable	8,230	6,401
Other assets	51,886	81,444
Cash, designated for long-term purposes	2,762,000	3,046,000
Beneficial interest in amounts held by others	4,577	4,648
Property available for sale	4,725,293	5,383,541
Fixed assets, net	5,638,415	5,189,243
Endowment fund	25,388	21,443
Total assets	\$ 13,425,306	\$ 14,416,102
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 96,977	\$ 128,642
Accrued expenses	44,463	57,881
Deferred revenues	73,115	76,207
Note payable	4,037,500	4,037,500
Total liabilities	4,252,055	4,300,230
Net assets		
Without donor restrictions	9,147,863	10,094,429
With donor restrictions	25,388	21,443
Total net assets	9,173,251	10,115,872
Total liabilities and net assets	\$ 13,425,306	\$ 14,416,102

Rocketown of Middle Tennessee, Inc.

Statement of Activities

For the Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Contributions of cash and other financial assets			
Special events, net	\$ 487,547	\$ -	\$ 487,547
Individuals, churches, corporate	236,212	1,173	237,385
Foundation contributions and grants	212,740	-	212,740
Contributions of nonfinancial assets	69,212	-	69,212
Employee retention credits	82,207	-	82,207
Revenues			
Facility rentals and parking	701,320	-	701,320
Product sales	202,469	-	202,469
Membership dues, cover charges, session fees, and lessons	164,481	-	164,481
Investment income (loss)	-	2,772	2,772
Interest income	24,934	-	24,934
Net assets released from restriction	-	-	-
Total support and revenues	<u>2,181,122</u>	<u>3,945</u>	<u>2,185,067</u>
Expenses			
Program services	1,457,631	-	1,457,631
Supporting services			
Management and general	1,375,316	-	1,375,316
Fundraising	<u>294,741</u>	<u>-</u>	<u>294,741</u>
Total expenses	<u>3,127,688</u>	<u>-</u>	<u>3,127,688</u>
Change in net assets	(946,566)	3,945	(942,621)
Net assets, beginning of year	<u>10,094,429</u>	<u>21,443</u>	<u>10,115,872</u>
Net assets, end of year	\$ 9,147,863	\$ 25,388	\$ 9,173,251

Rocketown of Middle Tennessee, Inc.

Statement of Activities

For the Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Contributions of cash and other financial assets			
Special events, net	\$ 387,961	\$ -	\$ 387,961
Individuals, churches, corporate	298,051	-	298,051
Foundation contributions and grants	425,841	-	425,841
Contributions of nonfinancial assets	47,375	-	47,375
Revenues			
Facility rentals and parking	928,985	-	928,985
Product sales	350,652	-	350,652
Membership dues, cover charges, session fees, and lessons	48,850	-	48,850
Investment income	-	(4,464)	(4,464)
Interest income	1,033	-	1,033
Net assets released from restriction	<u>19,477</u>	<u>(19,477)</u>	<u>-</u>
Total support and revenues	2,508,225	(23,941)	2,484,284
Expenses			
Program services	1,411,191	-	1,411,191
Supporting services			
Management and general	729,443	-	729,443
Fundraising	<u>262,866</u>	<u>-</u>	<u>262,866</u>
Total expenses	2,403,500	-	2,403,500
Change in net assets	104,725	(23,941)	80,784
Net assets, beginning of year	<u>9,989,704</u>	<u>45,384</u>	<u>10,035,088</u>
Net assets, end of year	\$ 10,094,429	\$ 21,443	\$ 10,115,872

Rocketown of Middle Tennessee, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2023

	Program services	Supporting services		Total
		Management and general	Fundraising	
Salaries and wages	\$ 466,309	\$ 289,721	\$ 166,838	\$ 922,868
Employee benefits	28,685	93,994	5,518	128,197
Payroll taxes	29,405	27,335	11,255	67,995
Contract labor	77,701	5,011	500	83,212
Security	109,805	601	200	110,606
Total personnel	711,905	416,662	184,311	1,312,878
Cost of goods sold	144,559	4,622	157	149,338
Depreciation	187,454	8,150	8,150	203,754
Design, photography, printing	596	1,184	5,680	7,460
Dues and subscriptions	1,388	29,677	1,510	32,575
Food and entertainment	83,286	11,359	1,541	96,186
Interest	-	118,304	-	118,304
Insurance	64,785	2,817	2,817	70,419
IT management	-	24,000	-	24,000
Legal and professional	321	545,870	3,655	549,846
Postage and freight	-	744	2,963	3,707
Repairs and maintenance	92,221	4,010	4,010	100,241
Special events	-	-	61,042	61,042
Supplies	47,292	20,956	1,879	70,127
Taxes and licenses	11,783	152,575	-	164,358
Cell phone and internet	2,550	21,763	900	25,213
Travel	3,425	3,650	1,891	8,966
Utilities	88,461	3,846	3,846	96,153
Bank fees	13,170	632	5,184	18,986
Miscellaneous	4,435	4,495	5,205	14,135
	\$ 1,457,631	\$ 1,375,316	\$ 294,741	\$ 3,127,688

Rocketown of Middle Tennessee, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2022

	Program services	Supporting services		Total
		Management and general	Fundraising	
Salaries and wages	\$ 420,070	\$ 261,431	\$ 148,644	\$ 830,145
Employee benefits	35,693	43,658	8,203	87,554
Payroll taxes	30,941	21,327	11,211	63,479
Contract labor	25,770	2,046	-	27,816
Security	75,378	-	-	75,378
Total personnel	587,852	328,462	168,058	1,084,372
Cost of goods sold	181,858	-	-	181,858
Contributions	16,117	-	-	16,117
Depreciation	216,191	9,400	9,400	234,991
Design, photography, printing	650	-	4,574	5,224
Dues and subscriptions	2,152	18,679	3,942	24,773
Food and entertainment	41,943	6,225	1,448	49,616
Interest	-	108,257	-	108,257
Insurance	64,354	2,798	2,798	69,950
IT management	-	22,000	-	22,000
Legal and professional	732	67,705	7,574	76,011
Postage and freight	40	806	2,037	2,883
Repairs and maintenance	85,159	3,703	3,703	92,565
Special events	-	-	42,938	42,938
Supplies	79,259	11,658	2,944	93,861
Taxes and licenses	30,967	106,780	-	137,747
Cell phone and internet	1,965	24,428	795	27,188
Travel	2,470	11,544	2,654	16,668
Utilities	73,456	3,194	3,194	79,844
Bank fees	21,215	1,836	4,375	27,426
Miscellaneous	4,811	1,968	2,432	9,211
	\$ 1,411,191	\$ 729,443	\$ 262,866	\$ 2,403,500

Rocketown of Middle Tennessee, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash, beginning of year	\$ 3,729,382	\$ 4,379,354
Cash flows from operating activities		
Change in net assets	(942,621)	80,784
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	203,754	234,991
Realized and unrealized gain on investments, net	(2,772)	4,464
Change in beneficial interest in amounts held by others	71	669
Net investments in property available for sale	545,766	-
Forgiveness of PPP loan	-	(296,424)
Change in:		
Accounts receivable	(1,829)	133,276
Other assets	29,558	7,594
Property available for sale	76,259	-
Accounts payable	(31,665)	77,321
Accrued expenses	(13,418)	13,607
Deferred revenues	(3,092)	(3,032)
Net cash provided (used) by operating activities	(139,989)	253,250
Cash flows from investing activities		
Payments for the purchase of fixed assets	(70,937)	(4,940,722)
Net investments in property available for sale	(545,766)	-
Purchase of endowment fund investments	(1,173)	-
Net cash provided (used) by investing activities	(617,876)	(4,940,722)
Cash flows from financing activities		
Borrowings on note payable	-	4,037,500
Net change in cash	(757,865)	(649,972)
Cash, end of year	\$ 2,971,517	\$ 3,729,382
Reconciliation of cash to statements of financial position		
Cash	\$ 209,517	\$ 683,382
Cash, designated for long-term purposes	2,762,000	3,046,000
	\$ 2,971,517	\$ 3,729,382
Supplemental disclosures of cash flow information		
Cash paid for interest	\$ 118,304	\$ 108,257

Rocketown of Middle Tennessee, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 1. Nature of Organization and Significant Accounting Policies

Nature of Organization

Rocketown of Middle Tennessee (the Organization) was founded in 1994 as a Tennessee not-for-profit corporation. The Organization's mission is to offer hope to the next generation through Christ's love. Rocketown's vision is to be the place of peace, purpose, and possibilities for youth.

The Organization offers creative, spiritual, educational, social, and job preparedness programs and support. A skate park, concert, and event venue are operated at 601 Fourth Avenue South, Nashville, Tennessee. This facility includes a 9,000 square foot indoor skateboarding park; a large state-of-the-art music venue/performance space; another small venue; the coffee bar, a full-service coffee shop; a dance studio that can be used as a multi-purpose room; a recording studio; and four classroom spaces for after-school and summer camp programming.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Designated Cash

Designated cash includes amounts designated by the Board of Directors for use in renovation of the properties, paydown of deb, or purchases of equipment. (see notes 4 and 6).

Inventories

Inventories consist principally of skate park store products and are reported at lower-of-cost (first-in, first-out method) or net realizable value. Inventories at June 30, 2023 and 2022 totaled \$46,472 and \$51,532, respectively and are included in other assets on the statements of financial position.

Fixed Assets

Land, building, equipment, and furniture purchases in excess of \$1,000 are capitalized and stated at acquisition cost or at estimated fair value at the time of the gift, if donated. Depreciation of fixed assets, other than land, is calculated by the straight-line method over estimated useful lives ranging from 3 to 10 years for equipment and furniture and 5 to 40 years for buildings and improvements.

Rocketown of Middle Tennessee, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 1. Nature of Organization and Significant Accounting Policies

Revenue Recognition and Deferred Revenues

Facility rental revenues are recognized in the period in which the facility is utilized. Facility receipts received in advance are recorded as deferred revenues and recognized as revenue in the month in which it is earned. Revenues from product sales, dues, cover charges, session fees, and lessons are substantially recognized when the products are sold and/or the services are provided.

Contributions of Cash and Other Financial Assets

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions of Nonfinancial Assets

Various volunteers donate many hours to the Organization's program services and fundraising campaigns. These contributed services are reflected in the financial statements only when the services require specialized skills. Supplies and other assets received as donations are recorded and reflected in the accompanying financial statements at their estimated fair values at the date of the receipt.

Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and classified by the Internal Revenue Service as other than a private foundation. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

Program and Supporting Services

The following program and supporting services are included in the Organization financial statements:

Program services – includes the direct cost of operating the Organization's indoor skate park, music venue, and coffee bar. Additionally, program services include numerous enrichment programs offered to teenagers visiting the facility, including skateboarding lessons, songwriting, video editing, graffiti art, and dance.

Management and general – includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Applicable costs include those associated with providing coordination and articulation of the Organization's program strategy, business management, general recordkeeping, budgeting, and related purposes.

Fundraising – includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and the creation and distribution of fundraising materials.

Rocketown of Middle Tennessee, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 1. Nature of Organization and Significant Accounting Policies

Allocation of Functional Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statements of activities. Some cost have been charged using specific identification. Accordingly, certain costs have been allocated among program services and supporting services. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

	Method of allocation
Personnel	Time and effort
Depreciation	Square footage
Repairs and maintenance	Square footage
Utilities	Square footage

Note 2. Liquidity and Availability

The Organization's primary sources of support are revenues generated through facility rentals, special events, and contributions. The Organization has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The following table reflects the Organization's financial assets, reduced by amounts not available for general expenditures within one year:

	2023	2022
Financial assets		
Cash	\$ 2,971,517	\$ 3,729,382
Accounts receivable	8,230	6,401
Beneficial interest in amounts held by others	4,577	4,648
Endowment fund	<u>25,388</u>	<u>21,443</u>
Total financial assets at year-end	3,009,712	3,761,874
Less amounts not available to be used within one year		
Cash, designated for long-term purposes	(2,762,000)	(3,046,000)
Beneficial interest in amounts held by others	(4,577)	(4,648)
Endowment fund	<u>(25,388)</u>	<u>(21,443)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ 217,747	\$ 689,783

As part of its liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization receives year-round donations from individuals and makes appeals at strategic times of the year for specific projects. Cash flow is tracked through regular budget to actual comparisons which are monitored by management and the Board of Directors.

Rocketown of Middle Tennessee, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 3. Beneficial Interest in Amounts Held by Others

Amounts reported in the statements of financial position as beneficial interest in amounts held by others represent the cumulative transfer of funds, as well as earnings thereon, to the Firm Foundation of Middle Tennessee (the Foundation), which is a component fund of the National Christian Charitable Foundation, Inc. These amounts totaled \$4,577 and \$4,648 at June 30, 2023 and 2022, respectively. The Foundation holds and invests the funds on behalf of the Organization. The Foundation has variance power over the funds if the Organization fails to comply with the requirements for distribution. The funds are distributable upon request by the Organization and approval of the Foundation. Distributions will be approved if the Organization continues to operate as a 501(c)(3) and a religious organization. Management does not expect the Organization to fail to comply with the requirements for distribution.

Note 4. Fixed Assets and Property Held For Sale

Fixed assets consist of the following:

	2023	2022
Land	\$ 2,367,032	\$ 1,330,000
Buildings and improvements	4,730,770	3,788,168
Machinery and equipment	273,529	243,477
Furniture and fixtures	34,471	34,471
Renovations in process	-	78,899
Less: accumulated depreciation	<u>(1,767,387)</u>	<u>(285,772)</u>
Fixed assets, net	\$ 5,638,415	\$ 5,189,243

On August 3, 2021, the Organization closed on the purchase of property in Antioch, Tennessee for a total of \$4,750,000. It was anticipated that this property will become the new ministry center of the Organization once renovations were completed. During the period from August 2021 to March 2022, the inherited tenants continued to rent this retail space resulting in rental income of approximately \$353,000 which is included on the statements of activities as facility rentals and parking. At the end of March 2022, depreciation ceased on the property as the Organization began planning renovations and was no longer holding out the building for rent. As of June 30, 2022, a total of \$78,899 had been spent on planning and design for this new facility.

As of June 30, 2022, the Nashville ministry center was classified as being available for sale at a net book value of \$5,383,541. Depreciation continued on the Nashville ministry center since it was still being actively used by the Organization.

As of June 30, 2023, a strategic decision was made to offer up the Antioch property for rent or sale. Accordingly, the Antioch property is now reported as being available for sale at a net book value of \$4,725,293. The Nashville ministry center was then reclassified back to fixed assets as the intent is to remain at the Nashville location. During 2023, the Organization reported \$131,854 for the final rental income on the Antioch property and incurred \$677,621 of costs related to the maintaining the property and investigating the feasibility of development. These costs have been expensed in 2023 since the decision was made not to develop the property. On February 6, 2024, the Organization entered a contract to sell the property and the potential buyer is now performing their due diligence. A closing date is tentatively set for May 9, 2024.

Rocketown of Middle Tennessee, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 5. Endowment Fund

The Organization has received a donation to establish a permanent endowment fund to provide funds to help support the Organization's various youth programs. Terms of the donation require the funds to be segregated from other Organization funds. Gifts made to the donor-restricted endowment are reported as net assets with donor restrictions.

	2023	2022
Endowment net assets, beginning of year	\$ 21,443	\$ 25,907
Contributions	1,173	-
Interest and dividends	497	597
Unrealized gains (losses)	2,496	(4,803)
Amounts appropriated for expenditures	(221)	(258)
Endowments net assets, end of year	<u>\$ 25,388</u>	<u>\$ 21,443</u>

Note 6. Note Payable

In conjunction with the purchase of the Antioch property (note 4), the Organization entered into a note payable in the amount of \$4,037,500. The terms of the note include interest only payments at a fixed interest rate of 2.89% until maturity on August 3, 2024.

Note 7. PPP Loan

On April 4, 2020, the Organization received a loan in the amount of \$155,600 in accordance with the PPP section of the CARES Act. A second draw was made on January 29, 2021 for \$140,824. The Organization elected to treat the PPP loan as debt in the financial statements. On July 26, 2021 and November 24, 2022, respectively, the Organization was notified that both draws on the loan had been forgiven by the Small Business Administration.

Note 8. Fair Value Measurements

The Organization has adopted the provisions of the *Fair Value Measurement Topic* of the Financial Accounting Standards Board Accounting Standard Codification, which establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs derived principally from or corroborated by observable market data by correlation or other means.

Rocketown of Middle Tennessee, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 8. Fair Value Measurements

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of significant input to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used as of June 30, 2023 and 2022.

A description of the valuation methodologies used for assets measured at fair value is as follows:

Exchange traded funds (ETFs) are valued at the closing price reported on the active market on which the individual securities are traded.

Investments and their fair value measurement consist of the following as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 647	\$ -	\$ -	\$ 647
Equity ETFs	21,801	-	-	21,801
Fixed income ETFs	<u>2,940</u>	<u>-</u>	<u>-</u>	<u>2,940</u>
Total investments	\$ 25,388	\$ -	\$ -	\$ 25,388

Investments and their fair value measurement consist of the following as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 297	\$ -	\$ -	\$ 297
Equity ETFs	18,684	-	-	18,684
Fixed income ETFs	<u>2,462</u>	<u>-</u>	<u>-</u>	<u>2,462</u>
Total investments	\$ 21,443	\$ -	\$ -	\$ 21,443

Note 9. Net Assets with Donor Restrictions

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

	2023	2022
Endowment funds		
Original gifts and required retained earnings		
Youth programs	\$ 15,000	\$ 15,000
Accumulated income	<u>10,388</u>	<u>6,443</u>
Net assets with donor restrictions	\$ 25,388	\$ 21,443

Rocketown of Middle Tennessee, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Note 10. Contributions of Nonfinancial Assets

Contributions of nonfinancial assets totaled \$69,212 and \$47,375 for the years ended June 30, 2023 and 2022, respectively. The contributions have been included in revenues and expenses without donor restrictions in the financial statements. The contributions consisted of food and supplies donated for the Organization's program services and are valued based on the estimated purchase price of comparable items.

Note 11. Special Events

Special events expenses reported on the statements of activities consisted of the following:

	2023	2022
Gross special events expense	\$ 542,125	\$ 442,601
Direct benefits to donors	<u>(54,578)</u>	<u>(54,640)</u>
Special events, net	\$ 487,547	\$ 387,961

Note 12. Employee Benefit Plan

The Organization sponsors a qualified defined contribution plan under Section 401(k) of the IRC in which substantially all employees of the Organization qualify after they have completed one year of service. The plan allows participants to contribute a percentage of their gross pay up to the amount allowable by the IRC. The Organization recognized \$35,672 and \$24,075 as expense under this plan during the years ended June 30, 2023 and 2022, respectively. These amounts were included in the statements of functional expenses as employee benefits.

Note 13. Concentrations

The Organization had bank deposits in a financial institution that were approximately \$2,738,000 and \$3,490,000 in excess of the \$250,000 insured by the Federal Deposit Insurance Corporation at June 30, 2023 and 2022, respectively.

Note 14. Subsequent Events

Management has evaluated subsequent events through March 15, 2024, the date on which the financial statements were available to be issued.