

Rocketown of Middle Tennessee, Inc.

Financial Statements
For the Years Ended June 30, 2021 and 2020



Independent Auditor's Report

Board of Directors
Rockettown of Middle Tennessee, Inc.

Report on the Financial Statements

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, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rockettown of Middle Tennessee, Inc. as of June 30, 2021 and 2020, and the changes in its net assets results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC
Brentwood, Tennessee
January 5, 2022

Rocketown of Middle Tennessee, Inc.
Financial Statements
For the Years Ended June 30, 2021 and 2020

Contents

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8 - 15

Rocketown of Middle Tennessee, Inc.

Statements of Financial Position

June 30, 2021 and 2020

	2021	2020
Assets		
Cash	\$ 579,354	\$ 4,293,107
Accounts receivable	139,677	5,704
Other assets	89,038	41,038
Cash, restricted	-	104,949
Cash, designated for long-term purposes	3,800,000	-
Beneficial interest in amounts held by others	5,317	4,569
Fixed assets, net	5,867,053	5,662,658
Endowment fund	25,907	19,275
Total assets	\$ 10,506,346	\$ 10,131,300
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 51,321	\$ 18,474
Accrued expenses	44,274	47,942
Deferred revenues	79,239	29,999
PPP loan	296,424	155,600
Total liabilities	471,258	252,015
Net assets		
Without donor restrictions	9,989,704	9,860,010
With donor restrictions	45,384	19,275
Total net assets	10,035,088	9,879,285
Total liabilities and net assets	\$ 10,506,346	\$ 10,131,300

Rocketown of Middle Tennessee, Inc.

Statement of Activities

For the Year Ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Support			
Special events, net	\$ 227,299	\$ -	\$ 227,299
Contributions	374,336	-	374,336
Foundation contributions and grants	442,997	-	442,997
Revenues			
Facility rentals and parking	202,686	-	202,686
Product sales	331,969	-	331,969
Membership dues, cover charges, session fees, and lessons	36,981	-	36,981
Employee retention credits	137,825	-	137,825
Investment income	-	6,631	6,631
Interest income	2,101	-	2,101
Net assets released from restriction	(19,478)	19,478	-
Total support and revenues	1,736,716	26,109	1,762,825
Expenses			
Program services	972,516	-	972,516
Supporting services			
Management and general	429,028	-	429,028
Fundraising	205,478	-	205,478
Total expenses	1,607,022	-	1,607,022
Change in net assets	129,694	26,109	155,803
Net assets, beginning of year	9,860,010	19,275	9,879,285
Net assets, end of year	\$ 9,989,704	\$ 45,384	\$ 10,035,088

Rocketown of Middle Tennessee, Inc.

Statement of Activities

For the Year Ended June 30, 2020

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Support			
Special events, net	\$ 282,549	\$ -	\$ 282,549
Contributions	174,514	-	174,514
Foundation contributions and grants	147,076	-	147,076
Revenues			
Facility rentals and parking	561,404	-	561,404
Product sales	316,877	-	316,877
Membership dues, cover charges, session fees, and lessons	28,669	-	28,669
Investment income	-	99	99
Interest income	6,830	-	6,830
Gain on sales of fixed assets	4,057,142	-	4,057,142
Net assets released from restriction	116,400	(116,400)	-
Total support and revenues	5,691,461	(116,301)	5,575,160
Expenses			
Program services	1,215,726	-	1,215,726
Supporting services			
Management and general	389,590	-	389,590
Fundraising	184,219	-	184,219
Total expenses	1,789,535	-	1,789,535
Change in net assets	3,901,926	(116,301)	3,785,625
Net assets, beginning of year	5,958,084	135,576	6,093,660
Net assets, end of year	\$ 9,860,010	\$ 19,275	\$ 9,879,285

Rocketown of Middle Tennessee, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2021

	Program services	Supporting services		Total
		Management and general	Fundraising	
Salaries and wages	\$ 315,508	\$ 229,387	\$ 128,722	\$ 673,617
Employee benefits	21,601	36,271	2,730	60,602
Payroll taxes	19,916	17,530	9,845	47,291
Total personnel	357,025	283,188	141,297	781,510
Cost of goods sold	177,295	-	-	177,295
Depreciation	138,199	6,009	6,009	150,217
Design, photography, printing	614	45	6,827	7,486
Dues and subscriptions	458	5,330	6,642	12,430
Food and entertainment	12,704	2,198	4,231	19,133
Insurance	42,336	1,841	1,841	46,018
IT management	-	28,127	-	28,127
Legal and professional	10,569	65,662	-	76,231
Postage and freight	497	742	4,560	5,799
Purchased services	28,005	1,853	1,385	31,243
Repairs and maintenance	64,975	2,804	2,804	70,583
Special events, net	-	-	17,840	17,840
Supplies	27,896	280	280	28,456
Taxes and licenses	38,242	-	-	38,242
Telephone	1,995	19,987	735	22,717
Utilities	53,717	2,335	2,335	58,387
Bank fees	13,820	1,124	3,848	18,792
Miscellaneous	4,169	7,503	4,844	16,516
	\$ 972,516	\$ 429,028	\$ 205,478	\$ 1,607,022

Rocketown of Middle Tennessee, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2020

	Program services	Supporting services		Total
		Management and general	Fundraising	
Salaries and wages	\$ 472,580	\$ 185,750	\$ 112,112	\$ 770,442
Employee benefits	46,200	18,159	10,961	75,320
Payroll taxes	36,419	11,188	6,672	54,279
Total personnel	555,199	215,097	129,745	900,041
Cost of goods sold	131,313	-	-	131,313
Depreciation	127,026	5,523	5,523	138,072
Design, photography, printing	225	380	5,482	6,087
Dues and subscriptions	500	10,086	3,341	13,927
Food and entertainment	12,393	3,721	1,205	17,319
Insurance	53,014	2,305	2,305	57,624
Interest	14,277	621	621	15,519
IT management	-	24,250	-	24,250
Legal and professional	60,301	10,876	-	71,177
Postage and freight	68	374	1,449	1,891
Purchased services	26,665	49,620	736	77,021
Repairs and maintenance	79,960	9,782	-	89,742
Special events, net	-	-	21,043	21,043
Supplies	15,452	4,746	3,047	23,245
Taxes and licenses	54,940	5,758	-	60,698
Telephone	3,330	21,129	390	24,849
Utilities	71,449	3,107	3,107	77,663
Bank fees	1,878	13,823	5,438	21,139
Miscellaneous	7,736	8,392	787	16,915
	\$ 1,215,726	\$ 389,590	\$ 184,219	\$ 1,789,535

Rocketown of Middle Tennessee, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash, beginning of year	\$ 4,398,056	\$ 334,390
Cash flows from operating activities		
Change in net assets	155,803	3,785,625
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	150,217	138,072
Realized and unrealized gain on endowment, net	(6,631)	(99)
Change in beneficial interest in amounts held by others	(748)	329
Gain on sale of fixed assets	-	(4,057,142)
Change in:		
Accounts receivable	(133,973)	26,758
Other assets	(48,000)	(1,137)
Accounts payable	32,847	(20,841)
Accrued expenses	(3,668)	(22,034)
Deferred revenues	49,240	(13,269)
Net cash used by operating activities	195,087	(163,738)
Cash flows from investing activities		
Proceeds from the sale of fixed assets, net	-	4,703,503
Payments for the purchase of fixed assets	(354,613)	(6,011)
Net cash provided (used) by investing activities	(354,613)	4,697,492
Cash flows from financing activities		
Payments on capital lease obligations	-	(4,131)
Payments on note payable	-	(621,557)
Net proceeds from PPP loan	140,824	155,600
Net cash used by financing activities	140,824	(470,088)
Net change in cash	(18,702)	4,063,666
Cash, end of year	\$ 4,379,354	\$ 4,398,056
Reconciliation of cash to statements of financial position		
Cash	\$ 579,354	\$ 4,293,107
Cash, restricted	-	104,949
Cash, designated for long-term purposes	3,800,000	-
	\$ 4,379,354	\$ 4,398,056
Supplemental disclosures of cash flow information		
Cash paid for interest	\$ -	\$ 15,519

Rockettown of Middle Tennessee, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 1. Nature of Organization and Significant Accounting Policies

Nature of Organization

Rockettown 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. Rockettown'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).

Financial Statement Presentation

The Organization follows the recommendations contained in the *Presentation of Financial Statements, Not-For-Profit Entities* topic of the Financial Accounting Standard Board (FASB) Accounting Standards Codification (ACS). Under those provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

Net assets without donor restrictions – These net assets generally result from revenues generated by receiving contributions with no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net assets with donor restrictions – These net assets result from gifts of cash and other assets received with donor stipulations limiting the use of the donated assets, temporarily or permanently. These net assets are restricted until the donor restriction expires or the purpose of the restriction is accomplished.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor-restricted contributions as without donor restrictions to the extent donor restrictions are met in the year the contributions were received.

Reclassifications

Certain reclassifications have been made to the 2020 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Rocketown of Middle Tennessee, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 1. Nature of Organization and Significant Accounting Policies

Accounts Receivable

Included in accounts receivable at June 30, 2021 are employee retention tax credits totaling \$137,825 that are expected to be received during the 2021/2022 fiscal year. These credits resulted from filing amended IRS forms 941 for periods on or before June 30, 2021 as allowed under the COVID-related Tax Relief Act of 2020. The Organization expects to fully collect these items; therefore, no allowance for uncollectible accounts has been recorded in the financial statements.

Fixed Assets and Depreciation

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.

Inventories

Inventories consist principally of coffee bar supplies and skate park store products and are reported at lower-of-cost (first-in, first-out method) or net realizable value.

Restricted and Designated Cash

Restricted cash includes unspent proceeds from the Organization's PPP loan as of the associated year end date. Designated cash includes amounts designated by the Board of Directors for use in future acquisition in Antioch, Tennessee (see notes 5 and 14).

PPP Loans

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. The Organization has received two draws on a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). US GAAP provides organizations with two alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as debt and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; or 2) proceeds can be treated as a conditional contribution where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Organization has elected to treat the PPP loan as debt.

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.

Rockettown of Middle Tennessee, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 1. Nature of Organization and Significant Accounting Policies

Donated Goods and Services

Donated facilities and materials are recorded as contributions in the period received at their estimated fair value, if there is an objective and measurable basis for determining such value. Donated services are recognized if they create or enhance nonfinancial assets or the donated service requires specialized skills, are performed by a donor who possesses such skills, and would have been purchased by the Organization, if not donated. Such services are recognized at estimated fair value as support and expensed in the period the services were performed. A number of unpaid volunteers have made significant contributions of their time to assist the Organization in implementing various programs and exhibits. The value of contributed time is not reflected in these financial statements since it does not meet the recognition threshold describe above.

Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) 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 record keeping, 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.

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

Rocketown of Middle Tennessee, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 2. Availability and Liquidity

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 as of June 30, 2021 and 2020, reduced by amounts not available for general expenditures within one year:

	2021	2020
Financial assets		
Cash	\$ 4,379,354	\$ 4,398,056
Accounts receivable	139,677	5,704
Beneficial interest in amounts held by others	5,317	4,569
Endowment fund	<u>25,907</u>	<u>19,275</u>
Total financial assets at year-end	4,550,255	4,427,604
Less amounts not available to be used within one year		
Cash, designated for long-term purposes	(3,800,000)	-
Beneficial interest in amounts held by others	(5,317)	(4,569)
Endowment fund	<u>(25,907)</u>	<u>(19,275)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ 719,031	\$ 4,403,760

As further described in notes 5 and 14, the Organization netted a gain of \$4,057,142 on net proceeds of \$4,703,503 from the sale of a building. The bulk of these proceeds are designated for a capital project in Antioch, Tennessee.

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 \$5,317 and \$4,569 at June 30, 2021 and 2020, 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.

Rocketown of Middle Tennessee, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 4. Inventories

Inventories consist of the following as of June 30:

	2021	2020
Skate park shop merchandise	\$ 36,197	\$ 32,605
Coffee bar merchandise	<u>-</u>	<u>7,323</u>
Total inventories	\$ 36,197	\$ 39,928

These inventory balances are included in other assets on the statements of financial position.

Note 5. Fixed Assets

Fixed assets consist of the following as of June 30:

	2021	2020
Land	\$ 2,367,032	\$ 2,367,032
Buildings and improvements	4,695,161	4,360,078
Machinery and equipment	194,502	437,895
Furniture and fixtures	16,694	36,555
Less: accumulated depreciation	<u>(1,406,336)</u>	<u>(1,538,902)</u>
Fixed assets, net	\$ 5,867,053	\$ 5,662,658

During 2020, the Organization sold a building for \$5,000,000. The resulting gain recorded for this sale was \$4,057,142. As described in note 14, the Organization made a purchase of property, subsequent to year-end, to reinvest these funds to further the Organization's mission. As of June 30, 2021, the Organization had made earnest deposit payments totaling \$50,000 toward this purchase which are included in other assets on the statements of financial position.

Note 6. 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.

	2021	2020
Endowment net assets, beginning of year	\$ 19,275	\$ 19,176
Interest and dividends	435	448
Unrealized losses	-	(160)
Unrealized gains	6,419	-
Amounts appropriated for expenditures	<u>(222)</u>	<u>(189)</u>
Endowments net assets, end of year	\$ 25,907	\$ 19,275

Rocketown of Middle Tennessee, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 7. Note Payable

The Organization had a note payable to a financial institution with a fixed interest rate of 4.25%. The loan was secured by the buildings and land held by the Organization. This note was paid in full with a portion of the proceeds from the sale of one of the Organization's buildings in 2020.

Note 8. 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. As long as the Organization submits its loan forgiveness application within 10 months of the end of the covered period, the Organization will not be required to make any payments on the loan until the forgiveness amount is remitted to the lender by the US Small Business Administration. If the loan is fully forgiven, the Organization will not be responsible for any payments.

On July 26, 2021 the Organization was notified that the first draw on the loan had been forgiven by the Small Business Administration.

Note 9. Fair Value Measurements

The Organization has adopted the provisions of the Fair Value Measurement Topic of the FASB ASC, 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.

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, 2021 and 2020.

Rocketown of Middle Tennessee, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 9. Fair Value Measurements

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, 2021:

	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 678	\$ -	\$ -	\$ 678
Equity ETFs	23,949	-	-	23,949
Fixed income ETFs	<u>1,280</u>	<u>-</u>	<u>-</u>	<u>1,280</u>
Total investments	\$ 25,907	\$ -	\$ -	\$ 25,907

Investments and their fair value measurement consist of the following as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 514	\$ -	\$ -	\$ 514
Equity ETFs	16,702	-	-	16,702
Fixed income ETFs	<u>2,059</u>	<u>-</u>	<u>-</u>	<u>2,059</u>
Total investments	\$ 19,275	\$ -	\$ -	\$ 19,275

Note 10. Net Assets with Donor Restrictions

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

	2021	2020
Subject to the passage of time or expenditure for specified purpose		
Program support	\$ 19,478	\$ -
Endowment Funds		
Original gifts and required retained earnings		
Youth programs	15,000	15,000
Accumulated income	<u>10,906</u>	<u>4,275</u>
Total endowment funds	<u>25,906</u>	<u>19,275</u>
Net assets with donor restrictions	\$ 45,384	\$ 19,275

Rocketown of Middle Tennessee, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

Note 11. Special Events

Special events expenses reported on the statements of functional expenses consisted of the following for the years ended June 30:

	2021	2020
Gross special events expense	\$ 33,059	\$ 49,093
Direct benefits to donors	<u>(15,219)</u>	<u>(28,050)</u>
Special events, net	\$ 17,840	\$ 21,043

Note 12. Employee Benefit Plan

The Organization sponsors a qualified defined contribution plan under Section 401(k) of the Internal Revenue Code 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 Internal Revenue Code. The Organization recognized \$16,675 and \$14,096 as expense under this plan during the years ended June 30, 2021 and 2020, 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 \$4,133,000 and \$4,150,000 in excess of the \$250,000 insured by the Federal Deposit Insurance Corporation at June 30, 2021 and 2020, respectively.

Note 14. Subsequent Events

Management has evaluated subsequent events through January 5, 2022, the date on which the financial statements were available to be issued.

On August 3, 2021, the Organization purchased property with a purchase price of \$4,750,000 in Antioch, Tennessee to expand its programing opportunities. In conjunction with this purchase, the Organization entered into a \$4,037,500 note payable with a financial institution secured by the underlying real estate.