

***The Battle of Franklin Trust, Inc.***

(A Nonprofit Corporation)

**Financial Statements**

**With Independent Auditors' Report Thereon**

For the Years Ended June 30, 2022 and 2021

**H A Beasley & Company, PLLC**

**Certified Public Accountants**

**Murfreesboro, Tennessee**

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# **The Battle of Franklin Trust, Inc.**

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**H A Beasley  
& Company, PLLC**

Certified Public Accountants

*Independent Auditors' Report*

To the Board of Directors and Management of  
The Battle of Franklin Trust, Inc.

***Opinion***

We have audited the financial statements of The Battle of Franklin Trust, Inc., which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Battle of Franklin Trust, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Battle of Franklin Trust, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Change in Accounting Principle***

As discussed in Note B to the financial statements, in the year ending June 30, 2022 the Trust adopted the new accounting guidance in *Financial Accounting Standards Board Accounting Standards Update No. 2020-07, Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* which includes specific presentation and disclosure requirements for contributed nonfinancial assets. Our opinion is not modified with respect to these matters.

***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 Battle of Franklin Trust, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

***Auditors' 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.

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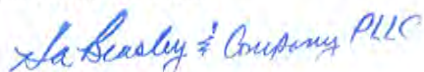
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The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 Battle of Franklin Trust, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Battle of Franklin Trust, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



H A Beasley & Company, PLLC

January 18, 2023

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

ASSETS		
	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 746,613	\$ 992,078
Grant receivable, current portion, net	-	107,100
Other receivables	70,805	8,333
Inventory, net	120,545	98,214
Prepaid expenses	4,817	12,847
Total current assets	942,780	1,218,572
COLLECTIONS	1,575,659	1,499,563
LAND, BUILDING, AND EQUIPMENT, NET	2,183,176	2,224,955
OTHER ASSETS		
Investments	1,552,437	1,303,420
Restricted cash and equivalents	27,949	22,250
Beneficial interest in perpetual trust	886,166	1,097,154
Wagner Line partnership interest	116,400	116,400
Total other assets	2,582,952	2,539,224
TOTAL ASSETS	<u>\$ 7,284,567</u>	<u>\$ 7,482,314</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 8,019	\$ 4,210
Accrued expenses	23,800	27,218
Deposits held for others	-	25,617
Deferred revenue	46,123	46,450
Total current liabilities	77,942	103,495
LONG-TERM LIABILITIES		
Notes payable, net of current portion	-	139,400
TOTAL LIABILITIES	77,942	242,895
NET ASSETS		
Without donor restrictions:		
Board designated	967,361	1,124,574
Undesignated	4,437,908	4,098,394
Total net assets without donor restrictions	5,405,269	5,222,968
With donor restrictions:		
Subject to time or purpose restrictions	433,328	457,114
In perpetuity	1,368,028	1,559,337
Total net assets with donor restrictions	1,801,356	2,016,451
TOTAL NET ASSETS	<u>7,206,625</u>	<u>7,239,419</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,284,567</u>	<u>\$ 7,482,314</u>

See accompanying notes to Financial statements and independent auditors' report.

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue and Support						
Tour admissions	\$ 1,261,291	\$ -	\$ 1,261,291	\$ 744,274	\$ -	\$ 744,274
Contributions of financial assets	256,342	62,816	319,158	207,649	44,327	251,976
Contributions of nonfinancial assets	10	-	10	-	-	-
Museum shop sales, net	122,117	-	122,117	89,446	-	89,446
Fundraising event contributions	9,500	-	9,500	-	-	-
Grants	178,743	-	178,743	207,475	-	207,475
Ground rental	86,705	-	86,705	123,857	-	123,857
Membership dues	84,002	-	84,002	69,258	-	69,258
Investment income (loss), net	(250,982)	-	(250,982)	283,354	-	283,354
Management fees and other	91,667	-	91,667	10,703	-	10,703
Gain (loss) on beneficial interest in perpetual trust	-	(210,988)	(210,988)	-	190,892	190,892
Totals	1,839,395	(148,172)	1,691,223	1,736,016	235,219	1,971,235
Fundraising events tickets	66,995	-	66,995	18,838	-	18,838
Less: Cost of direct benefit to donor	(32,662)	-	(32,662)	(10,817)	-	(10,817)
Net revenue from fundraising events	34,333	-	34,333	8,021	-	8,021
Net assets released from donor restrictions:						
Satisfaction of program restrictions	66,923	(66,923)	-	99,618	(99,618)	-
Total revenue and support	1,940,651	(215,095)	1,725,556	1,843,655	135,601	1,979,256
Expenses						
Program services	1,554,684	-	1,554,684	1,043,018	-	1,043,018
Supporting services						
Management and general	128,207	-	128,207	122,171	-	122,171
Fundraising	214,817	-	214,817	153,571	-	153,571
Total expenses	1,897,708	-	1,897,708	1,318,760	-	1,318,760
Other income (expense)						
Interest income	506	-	506	981	-	981
PPP loan forgiveness	139,400	-	139,400	131,700	-	131,700
Loss on disposal of equipment	(548)	-	(548)	-	-	-
Total other income	139,358	-	139,358	132,681	-	132,681
CHANGE IN NET ASSETS	182,301	(215,095)	(32,794)	657,576	135,601	793,177
NET ASSETS AT BEGINNING OF YEAR	5,222,968	2,016,451	7,239,419	4,565,392	1,880,850	6,446,242
NET ASSETS AT END OF YEAR	\$ 5,405,269	\$ 1,801,356	\$ 7,206,625	\$ 5,222,968	\$ 2,016,451	\$ 7,239,419

See accompanying notes to financial statements and independent auditors' report.

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022				2021			
	Supporting Services			Totals	Supporting Services			Totals
	Program Services	Management and General	Fund- raising		Program Services	Management and General	Fund- raising	
Wages	\$ 759,087	\$ 57,418	\$ 116,671	\$ 933,176	\$ 566,090	\$ 48,714	\$ 116,827	\$ 731,631
Garden and grounds maintenance	136,889	-	-	136,889	97,231	-	-	97,231
Advertising and promotions	37,951	-	6,697	44,648	30,164	-	5,323	35,487
Payroll taxes	58,069	3,498	8,396	69,963	42,822	2,580	6,191	51,593
Employee benefits	37,371	2,251	5,403	45,025	38,086	2,294	5,507	45,887
Depreciation	56,655	7,082	7,082	70,819	45,862	5,733	5,733	57,328
Special events	-	-	35,263	35,263	345	-	460	805
Office equipment and supplies	38,005	4,018	859	42,882	23,161	2,449	524	26,134
Marketing Consultant	-	40,000	-	40,000	-	46,000	-	46,000
Credit card fees	39,507	-	-	39,507	28,516	-	-	28,516
Utilities	44,070	3,672	1,224	48,966	23,747	1,979	659	26,385
Newsletter	29,465	-	-	29,465	14,597	-	-	14,597
Housekeeping	19,052	-	-	19,052	53	-	-	53
Insurance	26,511	1,658	-	28,169	23,492	1,469	-	24,961
Telephone	19,415	1,166	1,749	22,330	20,772	1,247	1,871	23,890
House maintenance	124,852	-	-	124,852	14,514	-	-	14,514
Legacy dinner	15,644	-	15,644	31,288	-	-	-	-
Exhibits	12,864	-	-	12,864	12,312	-	-	12,312
Tour brochures and rack cards	19,390	-	-	19,390	4,710	-	-	4,710
Miller House maintenance	-	4,866	-	4,866	-	8,413	-	8,413
Education and training	2,509	-	-	2,509	1,276	-	-	1,276
Professional fees	12,606	-	329	12,935	11,616	-	303	11,919
Development and membership	4,639	-	11,713	16,352	3,801	-	9,598	13,399
Interest	-	-	-	-	1,676	-	-	1,676
Grounds rental expense	10,942	-	-	10,942	4,324	-	-	4,324
Collections management	3,546	-	-	3,546	10,495	-	-	10,495
Security	13,336	-	1,383	14,719	6,695	-	-	6,695
Miscellaneous	7,243	89	953	8,285	2,974	32	-	3,006
Postage and printing	2,375	847	815	4,037	3,934	1,197	575	5,706
Office maintenance	16,042	-	-	16,042	6,616	-	-	6,616
Dues and subscriptions	2,954	-	636	3,590	2,255	-	-	2,255
Hospitality	-	1,642	-	1,642	-	64	-	64
Mileage	3,695	-	-	3,695	882	-	-	882
Total functional expenses	<u>\$ 1,554,684</u>	<u>\$ 128,207</u>	<u>\$ 214,817</u>	<u>\$ 1,897,708</u>	<u>\$ 1,043,018</u>	<u>\$ 122,171</u>	<u>\$ 153,571</u>	<u>\$ 1,318,760</u>

See accompanying notes to financial statements and independent auditors' report.

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (32,794)	\$ 793,177
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	70,819	57,328
Net realized and unrealized gain (loss) on investments	298,431	(264,378)
Loss (gain) on beneficial interest in perpetual trust	210,988	(190,892)
Withdrawals from investments	66,036	39,635
Non-cash donation of investments	(66,149)	(9,517)
Non-cash donation of land	(10)	-
Forgiveness of PPP loan	(139,400)	(131,700)
Loss on disposal of equipment	548	-
(Increase) decrease in operating assets:		
Grant receivable, net	107,100	102,313
Other receivables	(62,472)	(8,333)
Inventory	(22,331)	10,147
Prepaid expenses and other	8,030	(7,438)
Increase (decrease) in operating liabilities:		
Accounts payable	3,809	521
Accrued expenses	(3,418)	8,188
Deposits held for others	(25,617)	20,813
Deferred revenue	(327)	(12,658)
Net cash provided by operating activities	413,243	407,206
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(547,335)	(129,798)
Proceeds from sale of investments	-	98,705
Purchase of land, building and equipment	(29,578)	(74,806)
Purchase of collections	(76,096)	(90,755)
Net cash used for investing activities	(653,009)	(196,654)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from notes payable	-	139,400
Principal payments on note payable	-	(54,549)
Net cash provided by financing activities	-	84,851
Net increase (decrease) in cash and cash equivalents and restricted cash and equivalents	(239,766)	295,403
Beginning cash and cash equivalents and restricted cash and equivalents	1,014,328	718,925
Ending cash and cash equivalents and restricted cash and equivalents	<u>\$ 774,562</u>	<u>\$ 1,014,328</u>

See accompanying notes to financial statements and independent auditors' report.



**THE BATTLE OF FRANKLIN TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

The Battle of Franklin Trust, Inc. (the “Trust”) is a tax-exempt Trust under Section 501(c)(3) of the Internal Revenue Code and is located in Franklin, Tennessee. Its purpose is to preserve, restore, maintain, and interpret properties, artifacts, documents and other objects related to the Battle of Franklin so as to preserve an important part of the regional past, and so that visitors will be able to see and experience a living reminder of their national history. The Trust manages three historic sites, two of which are in Franklin, Tennessee, with the third site in Spring Hill, Tennessee. Guided tours are provided daily at each location.

Basis of Accounting

The financial statements of the Trust have been prepared on the accrual basis.

Basis of Presentation

The Trust presents its financial statements in accordance with *Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, Financial Statements for Not-for-Profit Entities*. Accordingly, the Trust reports information regarding its financial position and activities according to the two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are restricted for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions include net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Trust. These net assets may be used at the discretion of the Trust’s management and the Board of Directors. The Trust has chosen to provide further classification information about net assets without donor restrictions in the statements of financial position as either undesignated or board designated.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of 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 Trust or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as “net assets released from donor restrictions.” Donor restricted contributions whose restrictions are met in the period the contributions are received are reported as net assets without donor restrictions.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and other support and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents and Restricted Cash and Equivalents

Cash and cash equivalents and restricted cash and equivalents include cash and short-term investments with an initial maturity date of three months or less. Cash and equivalents as of June 30, 2022 and 2021 that were permanently restricted by donors for endowment purposes totaled \$27,949 and \$22,250, respectively. Since these funds are not available for current operations, they are presented as a long-term asset.

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Investments

The Trust has adopted the provisions of the Fair Value Measurement Topic of *FASB ASC 820*, Fair Value Measurements. This guidance establishes a framework for measuring fair value for financial assets and financial liabilities. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The applicable 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 Trust has the ability to access.

Level 2 -- Inputs to the valuation methodology include:

- 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 that are derived principally from or corroborated by the observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The Trust uses appropriate valuation techniques based on available inputs to measure the fair value of its investments. When available, the Trust measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 or Level 2 inputs were not available.

Unrealized gains and losses, as well as appreciation or depreciation in market value, are included in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

Inventory, Net

Inventory consists of gift shop items. Inventory is stated at the lower of cost (first in, first out basis) or net realizable value. Management has estimated the allowance for slow-moving items to be \$-0- as of both June 30, 2022 and 2021.

Beneficial Interest in Perpetual Trust

The Trust is a beneficiary of an established and funded trust which is administered by a different Trust. Under the terms of the perpetual trust, the Trust has the irrevocable right to receive a portion of the income earned on the perpetual trust assets in perpetuity. Additionally, if the perpetual trust ceases operations, the Trust will receive a portion of the assets of the perpetual trust.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost or, for donated items, at the estimated fair value as of the date received. The Trust capitalizes all property and equipment expenditures with a cost of \$5,000 or more.

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Land, Buildings and Equipment (continued)

Expenditures for major additions and improvements that materially extend the life of the asset are capitalized and minor replacements, maintenance and repairs are charged to expense when incurred. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the statement of activities for the respective period. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets, which ranges from 5 years for software and computers to 39 years for buildings.

Contributions of long-lived assets or contributions restricted for acquisition of long-lived assets are reported as increases in net assets with donor restrictions. When restrictions are considered met, an appropriate amount is reclassified to net assets without donor restrictions. The useful lives of the long-lived assets are calculated based on the Trust's depreciation policy.

Collections

The Trust maintains historical treasures ("collections") for the purpose of contributing to a greater understanding and enriching the visitor experience of the November 30, 1864 Battle of Franklin. The collections include historical buildings, artifacts, documents and other objects that are related to the Battle of Franklin, were made or used at the Carnton Plantation or the Carter House, were associated with the families at the homes, or are typical or representative objects made or used at the homes. All collection objects are capitalized at their purchase price or, for donated objects, at their fair value at the date of the gift. Collections are not depreciated. Any funds acquired after the sale of deaccessioned items must be used for the acquisition of new objects for the collection.

Contributions

The *FASB Accounting Standards Update ("ASU") No. 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* requires three classifications of contributions received in the current year: conditional, unconditional with donor restrictions, or unconditional without donor restrictions. Conditional contributions, including conditional promises to give, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Unconditional contributions, including unconditional promises to give are recognized as revenue in the period incurred. Contributions of assets and specialized services are recorded at their fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Donated Property

The Trust was gifted an ownership interest in a partnership that owns land known as the Wagner Line property in Franklin Tennessee. The ownership interest is valued at \$116,400 as of both June 30, 2022 and 2021. Unrealized gain on the partnership interest for the years ended June 30, 2022 and 2021 totaled \$-0- and \$53,600 respectively.

During the year ended June 30, 2022, the Trust received a donation of a small parcel of land where a historic statue built by the Trust was placed. The land had an estimated fair value of \$10 at the date of the gift. The land is included in land, building and equipment, net on the statements of financial position. This contribution was unrestricted, and the fair market value was determined by the appraised amount of similar properties in the same geographic area.

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition

The Trust has several revenue streams that are considered an exchange transaction under *ASU No. 2014-09, Revenue from Contracts with Customers* (“*ASU 2014-09*”) as those making the payments are receiving services with commensurate value to the payment they are making. These revenue streams are described as follows:

*Educational Tours*

The Trust offers educational tours to visitors. The Trust recognizes revenue for tour admissions upon the date of service which is considered the point in time when they meet their performance obligation related to the tours. For the years ended June 30, 2022 and 2021, revenues for tour admissions totaled \$1,261,291 and \$744,274, respectively.

*Special Fundraising Events*

The Trust generally hosts annual concerts in June and July as fundraising events. The Trust collects payments for tickets for these events. The Trust recognizes revenue from this revenue stream when the event occurs which is the point in time that the Trust is considered to meet its performance obligations under the contract with its customers. For the years ended June 30, 2022 and 2021, total revenue from the June concert totaled \$4,835 and \$18,838, respectively and the July concert totaled \$35,976 and \$-0-, respectively. Due to the COVID-19 pandemic, the July concert was not held during the year ended June 30, 2021. The full amount of the ticket price for all events is considered an exchange transaction.

During the year ended June 30, 2021, the Trust collected payments for tickets for the concert to be held in July 2021. These ticket payments collected represent a contract liability as the performance obligation (providing a concert to those who purchased tickets, which is the point in time revenue is recognized for this event) had not yet occurred as of June 30, 2021. Tickets purchased in advance totaled \$-0- and \$10,180 and are included in deferred revenue on the statements of financial position as of June 30, 2022 and 2021, respectively. No concert was held in July, 2022.

During the year ending June 30, 2022 the Trust hosted their annual Bootleggers Bash event. This event featured live music, dinner, and tasting samples from local distillers. The Trust also collected payments for tickets for this event. The Trust recognizes revenue from this revenue stream when the event occurs. For the year ended June 30, 2022, total revenue from this event was \$32,516. Of this amount, \$23,016 was recognized as an exchange transaction for the purchase of a ticket, and \$9,500 was received as contributions or sponsorships. Due to the COVID-19 pandemic, this event was not held during the year ended June 30, 2021.

*Museum Shop Sales*

The Trust does operate museum shops at each of the historic locations where visitors can purchase various items related to the history of the properties. The Trust meets their performance obligation to their customers for the museum shop sales at the time the customer purchases an item. The payment from the customer and their taking possession of the item are simultaneous so no contract asset or liability are generated from this revenue stream. The museum shop sales totaled \$254,691 and \$181,424 for the years ended June 30, 2022 and 2021, respectively. These sales are included in the statement of activities under museum shop sales, net.

*Grounds Rental*

The Trust also rents areas of their grounds for weddings and photography. Amounts for this are received in advance and the revenue is recognized at the point in time when the wedding or photography session takes place. Payments received in advance also result in a contract liability.

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition (continued)

*Grounds Rental (continued)*

The Trust also rents the Miller House to another not-for-profit entity. Rent is received at the beginning of each month and the Trust recognizes the monthly rental at that time as they meet their performance obligation by the end of each month by allowing the tenant to use the property.

For the years ended June 30, 2022 and 2021, revenue recognized for grounds rental totaled \$86,705 and \$123,857, respectively. For the years ended June 30, 2022 and 2021, payments received in advance which resulted in a contract liability totaled \$17,600 and \$7,425, respectively, and are included in deferred revenue on the statements of financial position.

The Trust's contracts with their customers do not have a significant financing component, and there were no uncompleted contracts with customers resulting in a contract asset as of both June 30, 2022 and 2021. Contract liabilities from uncompleted contracts with customers totaled \$46,123 and \$46,450 as of June 30, 2022 and 2021, respectively. There were also no receivables from contracts with customers as of June 30, 2021. As of June 30, 2022, there was a receivable of \$998 from the rental of the Miller House due to the straight-line amortization of the rental income over the life of the escalating lease.

*Memberships*

The Trust offers various memberships, which are also considered an exchange transaction under *ASU 2014-09*. There are multiple performance obligations included in each level of membership. Each membership has been allocated to these different performance obligations based on their fair values. Ten percent of every membership purchased has been designated by the board to be transferred into the Battle of Franklin Endowment. The fair values of some memberships have been reduced based on the member benefits outweighing the cost of the membership.

The performance obligations related to these memberships may result in a contract liability. For the years ended June 30, 2022 and 2021, revenue recognized for membership dues totaled \$84,002 and \$69,258, respectively. For the years ended June 30, 2022 and 2021, amounts received resulting in a contract liability totaled \$28,523 and \$28,845, respectively, and are included in deferred revenue on the statements of financial position.

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition (continued)

*Memberships (continued)*

Below is the allocation of the fair value of the performance obligations for each level of membership for the year ended June 30, 2021 and for the first half of the year ended June 30, 2022:

Performance Obligation	Fair Value Allocation by Membership Level					
	Legacy Donor	Preservation Donor	Family Donor	Blue and Gray Donor	Individual Donor	Young Historian
Dispatch Magazine Issue 1	\$ 10.00	\$ 6.25	\$ 4.02	\$ 2.93	\$ 3.00	\$ 1.14
Dispatch Magazine Issue 2	10.00	6.25	4.02	2.93	3.00	1.14
Dispatch Magazine Issue 3	10.00	6.25	4.02	2.93	3.00	1.14
Dispatch Magazine Issue 4	10.00	6.25	4.02	2.93	3.00	1.14
Annual pass (1 person)	-	-	-	-	24.00	9.14
Annual pass (2 individuals)	-	-	-	46.78	-	-
Annual pass (3 individuals)	-	-	96.42	-	-	-
Annual pass (4 individuals)	-	200.00	-	-	-	-
Annual pass (5 individuals)	400.00	-	-	-	-	-
Legacy Dinner	250.00	-	-	-	-	-
American Document Booklet	-	-	-	-	-	2.29
Carnton Sunset Summer Concert Series	30.00	-	-	-	-	-
Exchange portion of membership dues	720.00	225.00	112.50	58.50	36.00	15.99
Contribution portion	280.00	25.00	12.50	6.50	4.00	1.77
Total membership cost	<u>\$ 1,000.00</u>	<u>\$ 250.00</u>	<u>\$ 125.00</u>	<u>\$ 65.00</u>	<u>\$ 40.00</u>	<u>\$ 17.76</u>

As of January 1, 2022, the Organization increased the price of the Family Donor membership, the Blue and Gray Donor membership, and the individual donor membership. Below is the new allocation of the fair value of the performance obligations for these three levels of memberships.

Performance Obligation	Fair Value Allocation by Membership Level		
	Family Donor	Blue and Gray Donor	Individual Donor
Dispatch Magazine Issue 1	\$ 4.34	\$ 3.38	\$ 3.75
Dispatch Magazine Issue 2	4.34	3.38	3.75
Dispatch Magazine Issue 3	4.34	3.38	3.75
Dispatch Magazine Issue 4	4.34	3.38	3.75
Annual pass (1 person)	-	-	30.00
Annual pass (2 individuals)	-	53.98	-
Annual pass (3 individuals)	104.14	-	-
Exchange portion of membership dues	121.50	67.50	45.00
Contribution portion	13.50	7.50	5.00
Total membership cost	<u>\$ 135.00</u>	<u>\$ 75.00</u>	<u>\$ 50.00</u>

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Advertising Costs

The Trust expenses the cost of non-direct responsive advertising as incurred. For the years ended June 30, 2022 and 2021, advertising costs totaled \$84,648 and \$81,487, respectively.

Functional Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities. Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Accordingly, certain costs have been allocated among the program services, management and general, and fundraising functional categories based on estimates by management. All expenses are allocated based on time and effort.

Income Taxes

The Trust is a not-for-profit Trust that is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) whereby only unrelated business income, as defined in Section 512(a)(1) of the Code, is subject to federal income tax. With few exceptions, the Trust is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2019, and to state tax authorities for years before 2017.

The Trust has evaluated its tax positions for all open tax years. Based on the evaluation of the Trust's tax positions, management believes all tax positions taken would be upheld under an examination; therefore, no provision for the effects of uncertain positions has been recorded for the years ended June 30, 2022 and 2021.

Reclassifications

Certain reclassifications have been made to the 2021 financial statements to conform to the presentation for 2022.

**NOTE B –NEW AUTHORITATIVE ACCOUNTING GUIDANCE**

ASU 2020-07

During the year ended June 30, 2022, the Organization implemented *FASB ASU No. 2020-07, Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which includes specific presentation and disclosure requirements for contributed nonfinancial assets. The Organization adopted *ASU 2020-07* retrospectively. There was no material impact on the Organization's changes in net assets, financial position or cash flows upon adoption of this new standard

**NOTE C – CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND EQUIVALENTS**

The following table provides a reconciliation of cash and cash equivalents and restricted cash and equivalents within the statements of financial position to the total of the same amounts shown in the statements of cash flows as of June 30, 2022 and 2021:

	2022	2021
Cash and cash equivalents	\$ 746,613	\$ 992,078
Cash restricted for donor endowment	<u>27,949</u>	<u>22,250</u>
Total cash and cash equivalents and restricted cash and equivalents	<u>\$ 774,562</u>	<u>\$ 1,014,328</u>

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE D – INVESTMENTS**

The fair value of Level 1 assets was determined by obtaining quoted market prices in active markets. The Trust's beneficial interest in a perpetual trust is valued using information obtained from third-party sources, including detail listings of holdings from the trusts. These valuations are based upon the Trust's percent interest in the market value of the holdings.

The methods described above and in Note A to the financial statements may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Trust believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The overall investment objective of the Trust is to maintain a balanced portfolio, through a mix of equities, fixed income securities and money market balances.

Investments stated at fair value are summarized by level within the fair value hierarchy are as follows as of June 30, 2022 and 2021:

	Fair Value Measurements at June 30, 2022			Totals
	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)	
Investments:				
Mutual funds	\$ 514,289	\$ -	\$ -	\$ 514,289
Exchange traded funds	345,836	-	-	345,836
Fixed income funds	485,415	-	-	485,415
Cash equivalents	206,897	-	-	206,897
Total investments at fair value	<u>\$ 1,552,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,552,437</u>
Beneficial interest in perpetual trust	<u>\$ -</u>	<u>\$ 886,166</u>	<u>\$ -</u>	<u>\$ 886,166</u>



**THE BATTLE OF FRANKLIN TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE D – INVESTMENTS (CONTINUED)**

	Fair Value Measurements at June 30, 2021			Totals
	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant unobservable inputs (level 3)	
Investments:				
Mutual funds	\$ 370,993	\$ -	\$ -	\$ 370,993
Exchange traded funds	394,238	-	-	394,238
Fixed income funds	315,912	-	-	315,912
Cash equivalents	<u>222,277</u>	<u>-</u>	<u>-</u>	<u>222,277</u>
Total investments at fair value	<u>\$ 1,303,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,303,420</u>
Beneficial interest in perpetual trust	<u>\$ -</u>	<u>\$ 1,097,154</u>	<u>\$ -</u>	<u>\$ 1,097,154</u>

For donated investments, cost is determined to be the fair value at the date of gift. During the years ended June 30, 2022 and 2021, the Trust received \$66,149 and \$9,517 respectively, in donated investments.

As of June 30, 2022 and 2021, the unrealized gain (loss) on investments totaled \$(103,495) and \$217,076, respectively. During the years ended June 30, 2022 and 2021, the change in the unrealized gain (loss) on investments totaled \$(298,431) and \$210,778, respectively, and interest and dividends earned from these investments totaled \$61,798 and \$31,325, respectively. For the years ended June 30, 2022 and 2021, both are included in investment income net of investment expenses of \$14,349 and \$12,349, respectively.

Investment income (loss) net of expenses for the years ended June 30, 2022 and 2021 related to the level 1 investment funds totaled \$(250,982) and \$229,754, respectively.

**NOTE E – ENDOWMENTS**

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Trust has funds that are donor restricted as well as board designated.

The Trust has an endowment fund called the “Carnton Endowment.” It is maintained in an investment account with a bank. The endowment is made up of funds designated by the Board of Directors to function as an endowment. Per the decision of the board of directors, this endowment will not have any further donations made to it. Any distributions are to be used for maintenance of the Carnton house.

The Trust also has an endowment fund called the “Battle of Franklin Trust Endowment” (the Endowment). These funds are to supplement operational and special project expenses in the future. This endowment includes both donor restricted contributions as well as board designated amounts. The board of directors has determined that 10% of all membership income be designated for endowment purposes and invested in this endowment fund.

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE E – ENDOWMENTS (CONTINUED)**

The board does accumulate both donor restricted and board designated amounts in a cash account before they are transferred to the investment account.

The investment policy of the Trust requires the funds be professionally managed by a fund manager that is approved by the board of directors. It states that the responsibility for the management of the endowment fund lies with the board of directors, but they can delegate the investment functions and administration to the Budget and Finance Committee, including the power to contract with investment advisors. It also allows the board to authorize the Treasurer to administer the investment and care of the endowment funds in accordance with the investment policy. All who are involved in the management of the endowment funds are to exercise the judgment and care under the circumstances prevailing which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety and preservation of their capital.

*Return objectives and risk parameters of the agency endowment*

The Trust operates with investment and spending policies for endowment assets that attempt to provide a steady stream of funding to programs supported by its endowment at the time when the monies may be required for operational needs, while maintaining its long-term value. Management and investment decisions about an individual asset in the fund must be made not in isolation, but rather in the context of the endowment fund's portfolio of investments as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the fund and to the Trust. The Trust invests the assets in a manner that is intended to produce income while incurring a moderate level of investment risk.

*Strategies employed for achieving objectives*

To satisfy its long-term rate-of-return objectives, the Trust relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The investment policy requires investment managers to invest no more than 10% of the total funds with any one issue of security. Since exchange traded funds and mutual funds are typically comprised of more than one issue of security, their underlying holdings should be taken into account in considering this constraint. The policy also states that a balance between fixed income investments and equities should be used to help achieve their investment objectives.

*Spending practice and how the investment objectives relate to spending practice*

The Trust's endowment policy sets a draw from endowment funds appropriate for distribution in subsequent fiscal years as needed by the Trust to meet its needs in order to prudently preserve capital in a difficult economic environment. The Trust may annually request a distribution from the endowment for use in the Trust's operations in an amount between 0% and 4% of the endowment balance. Any distributions from the fund are to be approved by the board as part of the annual budget. It can be taken in the form of income or principal. During the years ended June 30, 2022 and 2021, the Trust received \$-0- and \$30,000, respectively, in distributions from the endowment.

In establishing this policy, the Trust considered the long-term expected return on its endowment. Accordingly, over the long term, the Trust expects the current spending policy to allow its endowment to grow annually. This is consistent with the Trust's objective to maintain the purchasing power of the endowment assets held in perpetuity or for specified terms as well as to provide additional real growth through investment return.

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE E – ENDOWMENTS (CONTINUED)**

As of June 30, 2022 and 2021 the amounts that are board designated or donor restricted for endowment consist of the following:

	2022	2021
Cash and equivalents	\$ -	\$ 2,855
Restricted cash and equivalents	27,949	22,250
Investments:		
Carnton Endowment	839,162	979,556
Battle of Franklin Trust Endowment	142,184	142,163
	<u>\$ 1,009,295</u>	<u>\$ 1,146,824</u>

The activity in the accounts that are either board designated or donor restricted for endowment purposes for the years ended June 30, 2022 and 2021 are as follows:

	2022		2021	
	Board Designated	Donor Designated	Board Designated	Donor Designated
Balance, beginning of year	\$ 1,124,574	\$ 22,250	\$ 917,310	\$ 7,304
Contributions	8,176	19,679	7,646	14,946
Distributions	-	-	(30,000)	-
Investment income	41,145	-	30,889	-
Interest income	-	-	8	-
Investment fees	(11,468)	-	(12,359)	-
Realized and unrealized gains (losses)	(195,066)	-	211,080	-
Balance, end of year	<u>\$ 967,361</u>	<u>\$ 41,929</u>	<u>\$ 1,124,574</u>	<u>\$ 22,250</u>

**NOTE F – GRANT RECEIVABLE, NET**

Grant receivable, net consists of an amount due from the city of Franklin, Tennessee. The proceeds are to be used to pay principal and interest on a note payable related to the purchase and preservation of historic land from the Battle of Franklin. See Note L related to the note payable. Any funds remaining at the end of the term are to be divided equally between the Trust and another nonprofit entity as described in the loan agreement. As of June 30, 2021 there was only one payment left to be received. The payment amount is \$107,100 and was received during the 2022 fiscal year.

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE G – LAND, BUILDING, EQUIPMENT AND COLLECTIONS, NET**

Land, building, equipment and collections, net is composed of the following as of June 30, 2022 and 2021:

	2022	2021
Land	\$ 646,999	\$ 631,989
Building and improvements	1,934,315	1,934,316
Historical improvements	188,105	177,026
Furniture and equipment	41,548	44,490
Construction in progress	54,720	51,220
Totals	2,865,687	2,839,041
Less: Accumulated depreciation and amortization	(682,511)	(614,086)
Total property and equipment, net	<u>\$ 2,183,176</u>	<u>\$ 2,224,955</u>

For the years ended June 30, 2022 and 2021, depreciation expense totaled \$70,819 and \$57,328, respectively.

**NOTE H – COLLECTIONS**

Collections is composed of the following as of June 30, 2022 and 2021:

	2022	2021
Historical buildings	\$ 681,023	\$ 681,023
Artifacts, documents and other objects	733,136	718,540
Statue	161,500	100,000
Total collections	<u>\$ 1,575,659</u>	<u>\$ 1,499,563</u>

**NOTE I – ACCRUED EXPENSES**

Accrued expenses are composed of the following as of June 30, 2022 and 2021:

	2022	2021
Accrued payroll	\$ 2,661	\$ 5,933
Payroll related liabilities	6,889	8,183
Sales tax payable	2,250	3,102
Security deposits returnable	12,000	10,000
Total accrued expenses	<u>\$ 23,800</u>	<u>\$ 27,218</u>

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE J – DEFERRED REVENUE**

Contract liabilities incurred as a result of the following revenue streams are included in deferred revenue on the statements of financial position as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Grounds rental	\$ 17,600	\$ 7,425
Memberships	28,523	28,845
July concert	<u>-</u>	<u>10,180</u>
Total deferred revenue	<u>\$ 46,123</u>	<u>\$ 46,450</u>

**NOTE K – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Trust regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Trust considers all expenditures related to its ongoing activities of preserving, restoring, maintaining, and interpreting properties, artifacts, documents, and other objects and materials related to the Battle of Franklin, as well as the conduct of services undertaken to support those activities to be general expenditures. As a part of the Trust's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2022:

Financial assets as of year-end:	
Cash and cash equivalents	\$ 774,562
Other receivables	70,805
Investments	1,552,437
Prepaid expenses	<u>4,817</u>
Total financial assets as of year-end	2,402,621
Less amounts unavailable for general expenditures within one year:	
Contractual or donor-imposed restrictions:	
Subject to appropriation and satisfaction of donor or time restrictions:	433,328
Miller House funds	150,000
Donor restricted amounts for endowment purposes	<u>27,949</u>
	611,277
Board designations for endowment	<u>987,256</u>
Total unavailable for general expenditures within one year	<u>1,598,533</u>
Total financial assets available for general expenditures within one year	<u>\$ 804,088</u>

**NOTE L – BOARD DESIGNATIONS OF NET ASSETS WITHOUT RESTRICTIONS**

As of June 30, 2022 and 2021, the Trust's Board of Directors has designated, from net assets without donor restrictions of \$967,361 and \$1,124,574, respectively, for investment purposes to support future operations of the Trust. The designations are voluntary, board-approved segregations of net assets without donor restrictions.

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE M – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions include donations for operating specific programs, construction projects and restoration of the facilities. Net assets with temporary donor restrictions received during the years ended June 30, 2022 and 2021 totaled \$268,230 and \$280,952, respectively. Of this amount, \$205,414 and \$236,625 were used for the restricted purpose during the years ended June 30, 2022 and 2021. The remaining amounts of \$62,816 and \$44,327 are shown as contributions with donor restrictions on the statements of activities for the years ended June 30, 2022 and 2021, respectively.

The net assets with donor restrictions as of June 30, 2022 and 2021 are restricted for the following purposes or periods:

	2022	2021
Net assets subject to time or purposes restrictions:		
Carter House and Carnton House properties restorations	\$ 10,000	\$ 10,000
Carter Hill Park	70,276	48,101
Funds for purchasing battlefield land	154,923	47,014
Donations for porch restoration	-	468
Museum/Visitor's Center Construction	163,800	161,274
Miller House investment earnings	31,829	31,702
Purchase of busts	2,500	-
Construction of USCT Statue	-	51,455
Total subject to purpose restrictions	433,328	350,014
Subject to passage of time restrictions:		
City of Franklin grant - time restriction	-	107,100
Total subject to time restrictions	-	107,100
Total net assets held subject to time or purpose restrictions	<u>\$ 433,328</u>	<u>\$ 457,114</u>
Net assets held in perpetuity for the following purposes:		
Beneficial interest in perpetual trust	\$ 886,166	\$ 1,097,154
Miller House property	289,933	289,933
Miller House funds	150,000	150,000
Restricted BOFT Endowment	41,929	22,250
Total net assets held in perpetuity	<u>\$ 1,368,028</u>	<u>\$ 1,559,337</u>

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE M – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specifically made by donors. The purpose of restrictions was accomplished by incurring costs for the following programs for the years ended June 30, 2022 and 2021:

	2022	2021
City of Franklin grant - time restriction	\$ -	\$ 47,764
Land funds	15,000	-
USCT Statue	51,455	50,750
Carnton Springhouse restoration	-	1,104
Porch donations	468	-
Total net assets released from restrictions	<u>\$ 66,923</u>	<u>\$ 99,618</u>

Net assets that are permanently restricted by the donors for endowment purposes were \$41,929 and \$22,250 as of June 30, 2022 and 2021, respectively. Income permanently restricted by donors for endowment purposes totaled \$19,679 and \$14,946 for the years ended June 30, 2022 and 2021, respectively.

**NOTE N – PAYCHECK PROTECTION PROGRAM**

On April 17, 2020, the Trust was granted a loan from Tower Community Bank in the amount of \$121,700 pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), which was enacted March 27, 2020. The PPP provided loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The Trust also received the Economic Injury Disaster Loan (EIDL) from the SBA for \$10,000.

On February 8, 2021, the SBA issued a full forgiveness of the loans granted through the CARES Act in the amount of \$131,700, which was then recognized as other income in the statement of activities for the year ended June 30, 2021. This forgiveness was based on the Trust’s use of the funds for qualifying expenses as described in the CARES Act, which include payroll costs, rent, and utilities.

On February 22, 2021, the Trust was granted a second loan from a bank in the amount of \$139,400 pursuant to the Paycheck Protection Program (the “PPP”) under the Consolidated Appropriations Act which was enacted December 27, 2020. The PPP provided loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business.

On October 18, 2021, the SBA also issued a full forgiveness of the loan granted through the Consolidated Appropriations Act in the amount of \$139,400, which was then recognized as other income in the statement of activities for the year ended June 30, 2022. This forgiveness was based on the Trust’s use of the funds for qualifying expenses as described in the Consolidated Appropriations Act, which included payroll costs, rent, and utilities.

**NOTE O – LEASES**

During January 2018, the Trust entered into an agreement to lease a building on Columbia Avenue to Williamson County CASA, Inc. under an operating lease agreement which required monthly payments of \$2,250 through January 2022. Beginning in February 2022, this lease was extended and required monthly payments of \$2,430 through January 2023, and then increasing to \$2,624 per month and \$2,834 per month in February 2023 and February 2024, respectively.

**THE BATTLE OF FRANKLIN TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE O – LEASES (CONTINUED)**

The deferred lease asset attributable to the escalating lease payments is located in other receivables and totaled \$998 and \$-0- as of June 30, 2022 and 2021, respectively.

The Trust received rental income of \$28,898 and \$25,833, respectively, for the years ended June 30, 2022 and 2021. The rentals are included in ground rentals in the accompanying statements of activities.

Future minimum rentals are as follows as of:

<u>June 30,</u>	
2023	\$ 30,132
2024	32,543
2025	<u>19,840</u>
Totals	<u>\$ 82,515</u>

The assets leased under this agreement consist of the following as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 84,700	\$ 84,700
Building and improvements	<u>231,933</u>	<u>231,933</u>
	316,633	316,633
Less accumulated depreciation	<u>(23,119)</u>	<u>(21,717)</u>
Totals	<u>\$ 293,514</u>	<u>\$ 294,916</u>

Depreciation expense related to these assets totaled \$1,402 as of both June 30, 2022 and 2021.

**NOTE P - CONCENTRATION OF RISK**

At times throughout the year, the Trust may maintain cash balances in certain accounts in excess of the Federal Deposit Insurance Corporation ("FDIC") limit of \$250,000 for substantially all depository accounts. As of June 30, 2022 and 2021, the Trust had funds in excess of the FDIC limits of \$48,489 and \$417,447, respectively.

**NOTE Q – CASH FLOW INFORMATION**

During the years ended June 30, 2022 and 2021, net cash provided by operating activities included cash payments of interest totaling \$-0- and \$1,676, respectively. There were no cash payments for income taxes during both years ended June 30, 2022 and 2021.

During the years ended June 30, 2022 and 2021, non-cash investing activities excluded from the statements of cash flows include in-kind donations of property totaling \$10 and \$-0-, respectively, and investments of \$66,149 and \$9,517, respectively.



**THE BATTLE OF FRANKLIN TRUST, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE R – RIPPAVILLA LOCATION**

On May 26, 2021, the Trust began managing the Rippavilla historic site, which is located in Spring Hill, Tennessee. The City of Spring Hill owns this site. The Trust has an agreement with the City of Spring Hill that states the Trust is to receive payments over the next three years from the city for managing the site.

The Trust received \$100,000 during the year ending June 30, 2022, and will receive \$80,000 during the year ending June 30, 2023, and \$60,000 during the year ending June 30, 2024 for a total of \$240,000 from the City of Spring Hill. These payments will be received quarterly, on July 1, October 1, January 1, and April 1. As of June 30, 2021 the Trust has recognized a receivable of \$8,333, which is the amount earned by the trust for managing the Rippavilla site for 1 month as of June 30, 2021. There was no receivable recorded as of June 30, 2022.

**NOTE S – EMPLOYEE RETENTION CREDIT**

Employee retention credits were established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020 to help businesses retain employees. Eligible businesses that experienced a full or partial government-ordered suspension of operations or a "significant" decline in gross receipts in any quarter (more than 50% decrease in 2020 from 2019, and more than 20% in 2021) and continued to pay wages during this time could receive a quarterly refundable payroll tax credit. During the year ended June 30, 2022 the Organization determined that they had met the eligibility requirements for the Employee Retention Credit for certain wages paid in 2021. As of June 30, 2022, the Organization has recorded a receivable in the amount of \$69,807 on the statement of financial position. The income from the employee retention credit is included in grant income on the statement of activities for the year ended June 30, 2022. This credit was received subsequent to year end on August 8, 2022.

**NOTE T - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through January 18, 2023, which is the date the financial statements were available to be issued. There have been no adjustments to the financial statements to include any subsequent transactions or events.