

100 BLACK MEN OF MIDDLE TENNESSEE, INC.

REPORT ON AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

HARRY E. TATE
CERTIFIED PUBLIC ACCOUNTANT
752 M L KING BOULEVARD
CHATTANOOGA, TENNESSEE 37403



P. O. BOX 107
CHATTANOOGA, TN 37401

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
100 Black Men of Middle Tennessee, Inc.

I have audited the accompanying statement of financial position of 100 Black Men of Middle Tennessee, Inc. (100 BMMT) (a non-profit organization) as of December 31, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of 100 BMMT's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly in all material respects, the financial position of 100 BMMT as of December 31, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

H. Tate, CPA

Chattanooga, Tennessee
September 22, 2006

100 BLACK MEN OF MIDDLE TENNESSEE, INC.
STATEMENT OF ACTIVITIES
December 31, 2005

Changes in unrestricted net assets:	
Revenues, Support, and Gains:	
Annual Dinner Gala	\$ 215,480
Other Fundraising Events	17,247
Cash Donations	94,113
In-Kind Goods and Services	66,848
Membership Dues and Assessments	15,000
Dividend Income	3,536
Interest Income	1,683
Miscellaneous Receipts	0
Realized Gains on Investments	0
Unrealized Gains on Investments	1,693
Total unrestricted revenues, support, and gains	415,599
Net assets released from restrictions:	48,326
Total unrestricted revenues, support, and gains	463,925
Expenses and losses:	
Program Services	362,286
Management and General	70,136
Fundraising Activities	74,119
Unrealized Loss on Investment	26,401
Realized Losses on the Sale of Investments	3,037
Total expenses and Losses	535,978
Decrease in unrestricted net assets	(72,053)
Changes in temporarily restricted net assets:	
Interest Income	54
Contributions - 100 Kings Endowments and Sponsors	171,880
Contribution - Technology Assistance	2,000
Contribution - R. H. Boyd Family Foundation	1,507
Total increase in restricted revenues and support	175,441
Restricted net assets released to satisfy donor requirements	(48,326)
Net changes in temporarily restricted net assets	127,115
Changes in permanently restricted net assets:	
Contribution - R. H. Boyd Family Foundation	1,507
Net assets released to satisfy donor requirements	(1,507)
Net decrease in permanently restricted net assets	0
Increase in net assets	55,063
Net assets at beginning of year, as restated	579,898
Net assets at end of year	\$ 634,961

The accompanying notes are an integral part of the financial statements.

100 BLACK MEN OF MIDDLE TENNESSEE, INC.
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2005

Cash Flows From Operating Activities:	
Increase in Net Assets	\$ 55,063
Adjustments to reconcile decrease in net cash provided by operating activities:	
Depreciation	6,687
(Increase) decrease in operating assets	
Assessments Receivable	10,920
Membership Dues Receivable	6,420
Pledges Receivable	35,000
Miscellaneous Receivables	6,228
Increase (decrease) in operating liabilities	
Accounts Payable	7,083
Deferred Gala Income	(54,750)
Payroll Taxes Payable	-
Interest and dividends restricted for reinvestment	1,507
Net Cash Used In Operating Activities	<u>74,158</u>
Cash Flows from Investing Activities:	
Sales of investment securities	40,528
Purchases of investment securities	(27,248)
Donated stock certificate invested	(73,600)
Change in permanently restricted cash and cash equivalents	(1,507)
Acquisition of Office Equipment	<u>(1,509)</u>
Net Cash Provided By Investing Activities	<u>(63,335)</u>
Cash Flows From Financing Activities:	
Proceeds from Line of Credit	-
Principal Payments on Line of Credit	<u>-</u>
Net Cash Used In Financing Activities	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,823
Cash and Cash Equivalents at Beginning of Year, as restated	<u>67,485</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 78,308</u></u>
<u>Supplemental Disclosure:</u>	
Interest Paid In Cash During the Year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

100 BLACK MEN OF MIDDLE TENNESSEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2005

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising Activities</u>	<u>Totals</u>
Audit and Accounting	\$ 10,695	\$ 8,150	\$ -	\$ 18,845
Bank Service Charges	1,329	45	-	1,374
Banquets and Luncheons	6,062			6,062
Broker Fees and Charges	-	778	-	778
Conferences and Seminars	-	2,343	-	2,343
Contract Labor	3,810	8,629	-	12,439
Uncollectible Dues & Assessments	-	1,300	-	1,300
Depreciation Expense	1,672	3,343	1,672	6,687
Dues and Subscriptions	-	3,765	-	3,765
Equipment Rental	2,012	4,023	2,012	8,047
Annual Dinner Gala	35,297	-	35,297	70,594
Golf Tournament	-	-	21,536	21,536
Liability Insurance	-	1,741	-	1,741
Miscellaneous Expenses	660	2,112	66	2,839
National Dues and Membership	-	-	-	-
Office Supplies and Expenses	1,036	2,072	1,036	4,144
Payroll Taxes	9,520	1,550	-	11,069
Salary Expenses	124,960	19,789	-	144,749
Scholarships Awarded	65,759	-	-	65,759
Postage and Delivery	1,203	160	241	1,603
Printing/Advertising	2,945	393	589	3,926
School Allocations	40,425	-	-	40,425
Field Trips/Outings	4,222	-	-	4,222
Tuition and Fees	218	-	-	218
Snacks and Food	2,408	-	-	2,408
Other Program Service Expenses	4,083	-	-	4,083
Special Projects	1,250	-	-	1,250
Rent	14,388	6,618	7,770	28,776
Technology	4,376	2,013	2,363	8,751
Telephone	2,851	1,311	1,539	5,701
Transportation	14,420	-	-	14,420
Travel	6,686	-	-	6,686
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Functional Expenses	<u>\$ 362,286</u>	<u>\$ 70,136</u>	<u>\$ 74,119</u>	<u>\$ 506,541</u>

The accompanying notes are an integral part of these financial statements.

100 BLACK MEN OF MIDDLE TENNESSEE
STATEMENT OF FINANCIAL POSITION

December 31, 2005

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 78,308
Membership Dues and Assessments	4,790
Miscellaneous Receivables	157
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Total Current Assets	83,255

PROPERTY AND EQUIPMENT

Automotive Equipment	19,250
Furniture and Fixtures	4,045
Office Equipment	13,829
Total Property and Equipment	<hr/> 37,124
Less Accumulated Depreciation	(24,248)
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Net Property and Equipment	12,876

OTHER ASSETS

Investments in Equity Securities	385,337
The R. H. Boyd Family Endowment Fund	100,000
Investments in Fixed Income Securities	53,210
Community Foundation Endowment Fund	9,969
Cash in Brokerage Accounts	35,010
Security Deposit	2,998
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Total Other Assets	586,523
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Total Assets	\$ 682,654

The accompanying notes are an integral part of these financial statements

100 BLACK MEN OF MIDDLE TENNESSEE, INC.
STATEMENT OF FINANCIAL POSITION

December 31, 2005

LIABILITIES

CURRENT LIABILITIES

Accounts Payable-Operations	\$ 14,443
Deferred Income	<u>33,250</u>
Total Current Liabilities	<u>47,693</u>

OTHER LIABILITIES

Security Deposit	<u>-</u>
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LONG-TERM LIABILITIES

Total Liabilities	<u>-</u>
	<u>47,693</u>

NET ASSETS

Unrestricted:	
Board Designated	193,730
Undesignated, as restated	26,198
Temporarily Restricted	315,034
Permanently Restricted	<u>100,000</u>
Total Net Assets	<u>634,961</u>

Total Liabilities and Net Assets	<u>\$ 682,654</u>
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The accompanying notes are an integral part of these financial statements.

**100 BLACK MEN OF MIDDLE TENNESSEE, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

PURPOSES - The 100 Black Men of Middle Tennessee, Inc. (100BMMT) is a nonprofit corporation that was organized in the State of Tennessee on February 1, 1991. The Organization's mission is to nurture and enhance the growth, development and opportunities for young black males in Middle Tennessee with objectives to encourage value systems and to develop positive work ethics.

The Organization provides role models and sponsors activities through specific academic and social programs. The Organization's members volunteer their time as educational assistants, role models and mentors. Monthly weekend retreats include workshops in the areas of conflict through physical activities. Other volunteers are involved in the mentoring and tutorial programs, including male students from local universities in Middle Tennessee. Financial assistance is provided from the annual Gala and other fundraising events.

PROGRAM AND SUPPORTING SERVICES – The following program and supporting services are included in the accompanying financial statements:

100 KINGS - The Organization has created a seven-year leadership development program designed to help 100 5th-grade male youth to develop the knowledge, skills and confidence necessary to succeed in school and to succeed in life.

COLLEGIATE 100 – To accomplish its mission, the Organization solicits the support of community volunteers to assist with the implementation of its programmatic efforts.

YOUTH + EXCELLENCE = Success, YES – The program is designed to help students improve their academic performances and raise social values. The objective is accomplished through seminars, retreats, field trips, mentor/mentee relationships and other enriching activities.

**100 BLACK MEN OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
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PROJECT 007 – Project 007 is an initiative that includes the first twenty-two (22) students that enrolled in 100 Black Men programs. An agreement was signed between the parents, the Organization, Ross Elementary, and the Board of Education in 1991. The agreement stated that if the boys remained active participants in the Organization's activities, the Organization would provide financial support for each student's college education to any four-year college or university of their choice. The name 007 is synonymous with the year (2007) that these students are scheduled to graduate from college. At December 31, 2005, seven (7) students are active in the program.

100 SCHOLARS – The 100 Scholars Program is designed to prepare African-American males for the academic challenges of high school, college and beyond while also fostering friendly competition. African-American males enrolled in middle schools throughout Middle Tennessee will compete for scholarships to be awarded. To qualify students must maintain a cumulative grade point average of 3.0 and meet other program requirements.

MANAGEMENT AND GENERAL AND FUNDRAISING – Functions necessary to ensure an adequate working environment and costs not identifiable with a single program or activity. It also includes costs associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, fundraising activities, budgeting and related purposes.

ACCOUNTING - Financial statements are prepared in conformity with the Financial Accounting Standards Board Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received," and No. 117, "Financial Statements of Not-for-Profit Organizations".

REVENUE RECOGNITION - Grants, contributions, membership dues and assessments, interest and dividend earnings, and other income are recognized as revenues in the accounting period that they become measurable and available to finance current expenditures. The financial statements of 100BMMT have been prepared on the accrual basis whereby revenues are recognized when earned and expenses are recognized when incurred.

**100 BLACK MEN OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

INCOME TAXES – The Organization is classified as a public charity and is exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for income taxes.

MEMBERSHIP DUES AND ASSESSMENTS – Local membership dues and assessments are established by the Board of Directors. Each member in good standing must pay an initiation fee of \$5,000. At the member's option, the initiation fee may be paid in quarterly installments of \$250 each over a period of five (5) years. Further, each member is assessed \$1,500 for a table at the annual Gala. The assessment is waived under the condition the member obtains an underwriter for the designated table.

PROPERTY AND EQUIPMENT – As of December 31, 2005, the Organization does not have a capitalization policy. Property and equipment with estimated useful lives of one year or more and acquired after January 1, 2003, have been capitalized and depreciated on the straight-line basis over a period of 3 to 5 years. Property and equipment acquired prior to January 1, 2003, is being depreciated using the double declining balance method over their estimated useful lives. Expenditures for repairs and maintenance are charged to expense as incurred and additions and improvements that significantly extend the lives of assets are capitalized.

DONATED GOODS AND SPECIALIZED SERVICES – Donated goods and specialized services are recorded as income when received. A substantial number of unpaid volunteers have contributed their time to the Organization's program and supporting services. The value of contributed time is not reflected in these statements if they are not specialized as defined in SFAS No. 116. The value of goods received is reflected in the financial statements at their fair market value. The value for contributed specialized time is recorded at the market rate generally charged to the public at large.

CASH AND CASH EQUIVALENTS – All highly liquid investments with original maturities of three months or less are considered cash equivalents, except for cash in brokerage money market accounts. The Organization's cash and cash equivalents consist of checking and savings accounts in a commercial bank.

**100 BLACK MEN OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

USE OF ESTIMATES – The financial statements are prepared in conformity with generally accepted accounting principles. Management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Actual results could differ from those estimates. Among other things, estimates are used in accounting for allowances for uncollected dues and assessments, depreciation property and equipment, unrealized gains and losses, and the values of donated goods and services.

NOTE 2 - INVESTMENTS:

A summary of securities showing cost, current fair values, and unrealized gains (losses) as of December 31, 2005 follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)-2005</u>
Equities – Merrill Lynch	\$ 176,130	\$200,724	\$ (24,965)
Equities – AmSouth Bank	105,100	111,042	-0-
Equities – Meriwether	9,000	9,000	-0-
Fixed Income-Merrill Lynch	3,000	2,996	(4)
Fixed Income – AmSouth Bank	45,175	44,210	-0-
Certificate of Deposit	100,000	100,000	-0-
Community Foundation Endowment	5,000	9,150	261
Cash-Mutual Fund–AmSouth Bank	<u>9,989</u>	<u>9,989</u>	<u>-0-</u>
Totals	<u>\$453,394</u>	<u>\$487,111</u>	<u>\$ (24,708)</u>

Equity securities and fixed income funds are valued at their quoted market prices at December 31, 2005. The Certificate of Deposit and cash in mutual funds are valued at cost. The fair value is also the carrying amount for financial statement reporting purposes. These funds represent board-designated amounts set aside in prior years for the purpose of providing an income stream for scholarships.

100 BLACK MEN OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE 2 – INVESTMENTS (Continued):

Investment return is summarized as follows:

Dividend/Interest Income – AmSouth Investment	\$ 4,305
Interest Income – Merrill Lynch	41
Community Foundation Endowment	285
Interest Income – Restricted CD	1,507
Dividend Income – Meriwether Stock	382
Brokerage Fees and Charges	<u>(778)</u>
 Total Investment Return	 <u>\$ 5,742</u>

NOTE 3 – RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes:

Scholarships	\$ 21,539
Capital Equipment	483
Technology Improvements	2,000
100 Kings Program	<u>291,012</u>
 Total	 <u>\$315,034</u>

Net assets were released from donor restrictions by incurring expenses in the amount of \$48,326 to make scholarship awards.

NOTE 4 – RESTRICTED NET ASSETS:

Permanently restricted net assets consisted of the following amount, with only the interest earnings available for use, and restricted for scholarships at December 31, 2005:

The R. H. Boyd Family Endowment Fund	<u>\$100,000</u>
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100 BLACK MEN OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 – PRIOR PERIOD ADJUSTMENT:

A prior year adjustment in the amount of \$8,732 was made to unrestricted net assets to recognize a voided check written for a scholarship awarded in 2004.

NOTE 6 - ADVERTISING COSTS – The Organization incurred advertising expense in the amount of \$915 during the fiscal year ended December 31, 2005. The expenses were incurred in conjunction with announcements of fundraising events and none of the cost was considered direct-response advertising costs.

NOTE 7 – FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing the various programs and projects over activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs incurred have been allocated to programs and supporting services benefited.

NOTE 8 – CONCENTRATION OF CREDIT RISK:

The Organization maintains a Restricted Endowment certificate of deposit, a restricted savings account, and the operating account at a local bank. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash accounts at this institution did not exceed federally insured limits. Interest earnings on the \$100,000 endowment account are credited to the restricted savings account when earned.

NOTE 9 - OPERATING LEASE COMMITMENTS:

The Organization is operating under a month-to-month sublease for its office facility with rents of \$2,398 per month. The facilities rent expense for 2005 was \$28,776. The Organization also leases certain equipment under monthly operating leases. Equipment rental expenses amounted to \$8,047 in 2005.

**100 BLACK MEN OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2005**

NOTE 10 – CONTRIBUTION OF SHARES OF STOCK BY O’CHARLEY’S INC.:

The Board of Directors of O’Charley’s, Inc. approved the issuance of four thousand three hundred ninety four (4,394) shares of its common stock with a market value of \$100,000 to the Organization on April 23, 2005. The contribution presented by company representatives during the 14th Annual Gala is conditional in that the common stock must be held for a period of at least three years prior to any sale or transfer beginning April 7, 2005. The estimated market value of the shares at December 31, 2005, is \$73,600.

NOTE 11 – CONTRACT WITH BELMONT UNIVERSITY:

A Scholarship Agreement was executed effective June 30, 2004, with Belmont University for its endorsement and support of the 100 Black Men and the 100 Kings Program. As an inducement for students to apply to Belmont for their college education, the University intends to match the total scholarship amount given by the 100 Black Men to any qualified and eligible student. Under the terms of the agreement the Organization and the University may impose and amend the requirements and conditions for eligibility for scholarship assistance.