

SMITH, WILES & CO., PC

CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS MANAGERS

900 DIVISION STREET

NASHVILLE, TN 37203

(615) 242-2727

FAX # (615) 726-0223

July 20, 2005

Leadership Music Corp
Nashville, Tennessee

We have compiled the accompanying statements of assets and liabilities and equity - cash basis of Leadership Music Corp as of June 30, 2005, and the related income statement - income tax basis for the period then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

The financial statements have been prepared on the accounting basis used by the Company for Federal income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit all of the disclosures and the statement of cash flows ordinarily included in financial statement prepared on the tax basis of accounting. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Smith, Wiles & Co., PC

Leadership Music Corp

STATEMENT OF ASSETS, LIABILITIES, AND ORGANIZATION EQUITY CASH BASIS

June 30, 2005

ASSETS

ASSETS

Savings-Suntrust Investor	\$	259,999.33
Suntrust Securities		76,636.68
Deposits		3,600.00
Office Equipment		5,090.60
Accum. Depr. - Equipment		(2,455.00)

TOTAL ASSETS	\$	342,871.61
---------------------	-----------	-------------------

LIABILITIES AND ORGANIZATION EQUITY

LIABILITIES

Federal Payroll Taxes Payable	\$	2,602.76
-------------------------------	----	----------

TOTAL LIABILITIES		2,602.76
--------------------------	--	-----------------

ORGANIZATION EQUITY

Retained Earnings	323,439.66
Revenue Over (Under) Expenses	16,829.19

TOTAL ORGANIZATION EQUITY	340,268.85
----------------------------------	-------------------

TOTAL LIABILITIES & ORG. EQUITY	\$	342,871.61
--	-----------	-------------------

Leadership Music Corp

COMPARATIVE STATEMENT OF REVENUE AND EXPENSES CASH BASIS

For the Twelve Months Ended June 30, 2005

	Three Months Ended		Year to Date
REVENUES			
Corporate Donations	\$ 6,000.00	8.78	\$ 79,350.00
Alumni Donations	1,550.00	2.27	6,475.00
Alumni Dues	5,750.00	8.41	14,550.00
Program Tuition Fees	0.00	0.00	20,000.00
Reimbursed Expenses	2,978.05	4.36	6,578.05
Interest Income	347.42	0.51	2,287.29
TOTAL REVENUE	16,625.47	24.32	129,240.34
OPERATING EXPENSES			
Bank Charges	1,046.87	1.53	3,741.86
Depreciation Expense	229.75	0.34	874.00
Donations	1,000.00	1.46	1,000.00
Dues and Subscriptions	1,378.00	2.02	1,809.40
Employee Benefits	1,330.04	1.95	4,207.40
Equipment Rental	81.75	0.12	367.69
Insurance	216.00	0.32	3,811.00
Meals and Entertainment	849.43	1.24	2,404.93
Office Supplies	1,025.44	1.50	2,755.37
Postage Expense	0.00	0.00	517.34
Printing Expense	428.00	0.63	2,387.43
Program Expense	11,804.06	17.27	22,630.38
Program Facilitator	5,000.00	7.31	10,000.00
Salary Expense	24,346.14	35.61	109,907.58
Taxes & Fees	0.00	0.00	335.62
Taxes - Payroll	1,862.52	2.72	8,408.07
Telephone	434.52	0.64	1,778.30
Transportation	1,975.00	2.89	7,150.00
Travel - Mileage	0.00	0.00	612.00
Website Expense	558.98	0.82	1,805.92
TOTAL OPERATING EXPENSES	53,566.50	78.36	186,504.29
OTHER INCOME (EXPENSES)			
Special Event Income	51,736.27	75.68	145,005.53
DFLA - Tribute Dinner	0.00	0.00	104,925.00
Special Event Expense	(56,542.36)	(82.71)	(82,231.24)
DFLAD Expenses	0.00	0.00	(93,606.15)
TOTAL OTHER INCOME (EXPENSE)	(4,806.09)	(7.03)	74,093.14
REVENUE OVER (UNDER) EXPENSES	\$ (41,747.12)	(61.07)	\$ 16,829.19

See Accountant's Compilation Report.