BACKFIELD IN MOTION, INC.
(A Tennessee Not-For-Profit Organization)

Independent Auditors' Report
And
Notes to Financial Statements
December 31, 2014

BACKFIELD IN MOTION, INC.
(A Tennessee Not-For-Profit Organization)
Financial Statements

Contents

TERRY PAGE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Backfield In Motion, Inc.
Nashville, TN 37206

We have audited the accompanying financial statements of Backfield In Motion, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 20X1, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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 Backfield In Motion, Inc. as of June 30, 20X1, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 8 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Terry Page & Associates

Terry Page & Associates
Nashville, Tennessee
May 11, 2015

Backfield in Motion, Inc.

Statement of Position

December 31, 2014

ASSETS

Current assets:		
Cash in banks and savings (See Note)	$	217,362
Property and equipment:		
Land		29,800
Office building		136,470
Office equipment and systems		49,714
Vehicles		98,839
		314,823
Less: Accumulated depreciation		(140,456)
Total property and equipment		174,367
TOTAL ASSETS	$	391,729

LIABILITES AND NET ASSETS

Current liabilites:		
Accounts payable	$	-
Accrued payroll liabilities		9,775
Total current liabilities		9,775
Long-term liabilities:		
Office building note payable		-
Unrestricted net assets		381,955
TOTAL LIABILITES AND NET ASSETS	$	391,730

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

Backfield in Motion, Inc.

Statement of Activites

For the year ended December 31, 2014

UNRESTRICTED NET ASSETS SUPPORT		
Grants/Contributions	$	316,113
Program contributions		70,747
Fundraising		172,965
Total support from operations		559,825
Investment and other income		
Dividends and interest		1,791
Other income		5,731
Total other income		7,522
TOTAL SUPPORT AND REVENUE FROM OPERATIONS		567,347
EXPENSES		
Program Services		
1st & 10 program		45,176
4th & 1 program		14,501
Extra point academy program		1,637
Education program		1,835
Administration management		319,049
Total Program Service Expenses		382,198
Supporting Services		
Management and general		64,780
Fundraising		98,739
Total supporting services		163,519
Total expenses		545,717
		21,630
Other expenses		
Depreciation		15,630
Special sponsorship		22,000
Total other expenses		37,630
Change in Net Assets	$	(16,000)

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

Backfield in Motion, Inc.

Statement of Cash Flows

For the year ended December 31, 2014

Operating activities:	
Net revenue from all programs	$ (16,000)
Adjustments to reconcile net revenue to cash provided by operations	
Add depreciation-not a use of funds	15,630
Increase (decrease) in accrued payroll liabilites	9,775
Net cash provided by operating activities	9,405
Investing activities:	
Purchase of vehicles	12,900
Sale of vehicles	(27,777)
Net cash provided by investing activities	(14,877)
Financing activities:	
Reduction in loan payable	(10,000)
Net increase in cash for the year	(31,472)
Cash at beginning of year	248,834
Cash at the end of year	$ 217,362

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

Backfield in Motion, Inc.

Statement of Functional Expenses

For the year ended December 31, 2014

Operating Expenses:	Total	Program	Administrative	Fund Raising
Grants (sponsorship)	$ 22,000	$ 22,000	$ -	$ -
1st & 10 program	45,176	45,176		
4th and 1 program	14,501	14,501		
Extra point academy program	1,637	1,637		
Education program	1,835	1,835		
Insurance	59,691	53,720	5,971	
Marketing and development	4,383	4,383		
Compensation of employees	185,389	129,772	40,786	14,831
Other compensation	103,081	103,081		
Payroll taxes	22,269	18,038	3,118	1,113
Depreciation	15,630	12,504	3,126	
Accounting	6,000		6,000	
Legal	5,207		5,207	
License and permits	820		820	
Office expenses	5,328	3,730	1,172	426
Occupancy	7,534	5,274	1,658	603
Travel	1,054	1,054		
Interest	49		49	
Golf tournament	24,092			24,092
Skee shoot	57,673			57,673
Total Functional Expenses	$ 583,349	$ 416,705	$ 67,906	$ 98,739

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

BACKFIELD IN MOTION, INC.
Notes to Financial Statements
December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Backfield In Motion, Inc. (the "Organization") is a not-for-profit organization incorporated in 2000 primarily to provide year-round academic tutoring at Nashville area community centers and to sponsor youth athletic leagues. Services are available at no cost to children and their families. The Organization's academic programs focus on reading, literacy and mathematics.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> Unrestricted net assets – net assets that are not subject to donor-imposed Restrictions.
>
> Temporarily restricted net assets – net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time. Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the statement of activities as unrestricted. When a restriction expires in a period after the contributions are received, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
>
> Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned and any related investments for general or specific purposes.

There were no restricted net assets as of December 31, 2014.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all cash funds, cash bank accounts, and highly liquid debt instruments, with an original maturity of three months or less when purchased, to be cash and cash equivalents. At December 31, 2014, the Organization had no cash equivalents.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increased in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. There are no restricted funds at December 31, 2014.

Contributions Receivable

Contributions receivable are recorded at their estimated value and reflect discounts for payment terms greater than one year, if applicable. Contributions receivable are considered to be conditional or unconditional promises to give. A conditional contribution is on which depends on the occurrence of some specified uncertain future event to become binding on the donor. Conditional contributions are not recorded as revenue until the condition is met, at which time they become unconditional. Unconditional contributions are recorded as revenue at the time verifiable evidence of the promise to give is received. The Organization considers contributions receivable to be fully collectible at year-end. Accordingly, no allowance for uncollectible promises to give has been recorded.

Building, Equipment and Vehicles

Building, Equipment, and Vehicles are recorded at cost to the Organization, or if donated, at the estimated fair market value at the date of donation. All depreciation is computed using the straight-line method based on the estimated useful life of the asset as follows:

Buildings	40 years
Equipment and vehicles	5 years

Expenditures for repairs and maintenance are charged to operations when incurred. Depreciation expense was $15,630 for the year ended December 31, 2014.

Advertising Costs

Costs related to advertising are expensed as incurred. The Organization incurred advertising costs amounting to $4,383 for the year ended December 31, 2014.

BACKFIELD IN MOTION, INC.
Notes to Financial Statements
December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

<u>Income Taxes</u>

The Organization is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for income taxes has been accrued in the financial statements.

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty In Income Taxes – an interpretation of FASB No. 109* ("FIN 48"). The interpretation addresses the determination of whether tax benefits claimed, or expected to be claimed, on a tax return should be recognized from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, including resolution of any related appeals or litigation process, based on technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement.

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes.* There was no effect on the financial positions or cumulative adjustment to beginning net assets as a result of the implementation. Management has evaluated its tax positions taken and believes that the total amount of unrecognized tax benefits is not material to the financial statements as a whole. Therefore, no tax liability has been recorded.

The Organization has not recognized any tax related interest and penalties in the accompanying financial statements. Federal tax years that remain open for examination include the years ended December 31, 2011 through December 31, 2013.

<u>Use of Estimates</u>

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

<u>Contributed Services</u>

During the year ended December 31, 2014, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. Many individuals volunteer their time and perform a variety of tasks that assist the Organization in performing its functions.

NOTE 2 – CONCENTRATION AND CREDIT RISK

The Organization maintains cash balances in several financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. All cash balances were insured by the FDIC as of December 31, 2014.

NOTE 2 – CONCENTRATION AND CREDIT RISK – (Continued)

As of December31, 2014, the Organization had a concentration in special events fundraising as a critical source of revenue and support. Approximately 31% of the total revenue for the year was derived from special events. The continued success of special events could have a significant impact on the Organization's ability to fulfill its mission.

NOTE 3 – OFFICE BUILDING NOTE PAYABLE

A note payable to U.S. Bank was paid off by the Organization in 2014 ahead of the notes maturity date, thereby relieving the organization of future interest payments.

NOTE 4 – LEGAL MATTERS PENDING

Backfield In Motion, Inc. is involved in certain litigation that arose in the ordinary course of operations. The process of resolving matters through litigation or other means is inherently uncertain and it is possible that an unfavorable resolution of these matters will adversely affect Backfield in Motion, Inc., its statement of activities, financial position and cash flows. The Organization's practice is to expense legal fees as services are rendered in connection with legal matters, and to accrue liabilities when payment is probable and an amount can be reasonably estimated.

Backfield in Motion, Inc. was named a defendant in two wrongful death cases. The cases are still in settlement phase and the final outcome is unclear. Backfield in Motion, Inc.'s insurance carrier is currently negotiating a settlement with the plaintiff. The legal fees to defend these actions have been paid by Backfield in Motion, Inc.'s insurance carrier. Management believes that Backfield in Motion has no liability in these matters and that its insurance policies will cover legal fees and any awards that might go to the plaintiffs and, accordingly, has recorded no liability for these matters in the accompanying financial statements.

NOTE 5 – GRANT FUNDS

The Organization is the recipient of multiple grants. Grants are distributed in strict accordance with the grant provider. Grant providers often audit the use of grants which they have provided.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 11, 2015, which is the date the financial statements were available to be issued.

Backfield In Motion, Inc. had previously provided notification to the Internal Revenue Service of its election to terminate its status as a private foundation pursuant to IRC Section 507(b)(1)(B) and be classified as a public charity under IRC Section 509(a)(2). The tax year of Backfield In Motion, Inc. begins on January 1, and the Organization underwent a 60-month period for compliance with IRC Section 509(a)(2) required under IRC Section 509(b)(1)(B)(i).

On February 6, 2015, the Organization was notified by the Internal Revenue Service its private foundation status was terminated. Therefore, the Organization is classified as a public charity described in section 170(b)(1)(A)(vi) of the Internal Revenue Code. The Organization's exempt status was not under consideration, therefore it remains to be classified as an organization exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

No other subsequent events were noted.