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ACCOUNTANTS' REPORT

To the Board of Directors
Belmont Mansion Association
Nashville, Tennessee

We have reviewed the accompanying statements of assets, liabilities, and net assets – cash basis of Belmont Mansion Association (a non-profit corporation) as of August 31, 2006 and 2005, and the related statements of support, revenues, expenses, and net assets – cash basis for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Belmont Mansion Association.

A review consists primarily of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, with the exception of the matter described in the following paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the cash basis of accounting as described in Note 1.

As described in Note 5, the Association's financial statements do not include Belmont Mansion Foundation, a related entity. The Foundation's financial information would be required to be included; however, management believes it is impracticable to develop the information.

Our reviews were made for the purpose of expressing limited assurance that, with the exception of the matter described in the preceding paragraph, there are no material modifications that should be made to the financial statements in order for them to be in conformity with the cash basis of accounting. The information included in the accompanying Schedules I and II is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the reviews of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

Byrd, Proctor & Mills, P.C.

December 28, 2006

BELMONT MANSION ASSOCIATION
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS
August 31, 2006 and 2005

<u>ASSETS</u>	<u>2006</u>	<u>2005</u>
Cash	\$ 161,525	\$ 134,523
Gift shop inventory	36,600	28,847
Loan to split-interest trust	100,000	100,000
Collections - Note 2	-	-
	<u>\$ 298,125</u>	<u>\$ 263,370</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Sales and payroll taxes payable	\$ 310	\$ 290
Total liabilities	310	290
 NET ASSETS		
Unrestricted	253,689	218,554
Temporarily restricted	44,126	44,526
	<u>297,815</u>	<u>263,080</u>
	<u>\$ 298,125</u>	<u>\$ 263,370</u>

See accompanying notes and accountants' report.

BELMONT MANSION ASSOCIATION
STATEMENTS OF SUPPORT, REVENUES, EXPENSES, AND NET ASSETS - CASH BASIS
Years Ended August 31, 2006 and 2005

	2006		
	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Admissions	\$ 61,419	\$ -	\$ 61,419
Christmas dinner	16,968	-	16,968
Contributions and donations	63,522	2,250	65,772
Events at Mansion	37,616	-	37,616
Fashion show	32,278	-	32,278
Gift shop sales	46,693	-	46,693
Membership	11,508	-	11,508
Miscellaneous	317	-	317
Public Programming	714	-	714
Interest income	5,051	-	5,051
Net assets released from restrictions	2,650	(2,650)	-
	<u>278,736</u>	<u>(400)</u>	<u>278,336</u>
EXPENSES			
Program expenses			
Conservation	1,545	-	1,545
Contribution to related organization	1,500	-	1,500
Development	260	-	260
Education	-	-	-
Events at Mansion	13,153	-	13,153
Gift shop	30,820	-	30,820
Furnishing and restoration	23,968	-	23,968
Miscellaneous	1,306	-	1,306
Payroll expenses	66,647	-	66,647
	<u>139,199</u>	<u>-</u>	<u>139,199</u>
Supporting services			
Management and general	58,095	-	58,095
Fund-raising	46,307	-	46,307
	<u>104,402</u>	<u>-</u>	<u>104,402</u>
Total expenses	<u>243,601</u>	<u>-</u>	<u>243,601</u>
CHANGE IN NET ASSETS	35,135	(400)	34,735
NET ASSETS, BEGINNING OF YEAR	<u>218,554</u>	<u>44,526</u>	<u>263,080</u>
NET ASSETS, END OF YEAR	<u>\$ 253,689</u>	<u>\$ 44,126</u>	<u>\$ 297,815</u>

See accompanying notes and accountants' report.

2005		
Unrestricted	Temporarily Restricted	Total
\$ 60,329	\$ -	\$ 60,329
20,306	-	20,306
19,596	32,845	52,441
57,827	-	57,827
27,447	-	27,447
39,191	-	39,191
15,060	-	15,060
747	-	747
710	-	710
2,731	-	2,731
9,921	(9,921)	-
<u>253,865</u>	<u>22,924</u>	<u>276,789</u>
565	-	565
1,500	-	1,500
268	-	268
371	-	371
18,068	-	18,068
27,669	-	27,669
27,148	-	27,148
971	-	971
66,893	-	66,893
<u>143,453</u>	<u>-</u>	<u>143,453</u>
60,692	-	60,692
40,309	-	40,309
<u>101,001</u>	<u>-</u>	<u>101,001</u>
<u>244,454</u>	<u>-</u>	<u>244,454</u>
9,411	22,924	32,335
209,143	21,602	230,745
<u>\$ 218,554</u>	<u>\$ 44,526</u>	<u>\$ 263,080</u>

See accompanying notes and accountants' report.

BELMONT MANSION ASSOCIATION
SCHEDULE I - REVENUES AND OTHER SUPPORT - CASH BASIS
Years Ended August 31, 2006 and 2005

	2006		2005	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
REVENUES AND OTHER SUPPORT				
Admissions	\$ 61,419	\$ -	\$ 60,329	\$ -
Christmas dinner - donations	5,190	-	-	-
Christmas dinner - tickets	11,778	-	20,306	-
Contributions	-	2,250	-	32,845
Donations - Acklen	38,617	-	5,949	-
Donations - Belmont Mansion	22,829	-	13,610	-
Donations - Queen Victoria	2,076	-	37	-
Events at Mansion	37,616	-	57,827	-
Fashion show - donations	7	-	2,470	-
Fashion show - Patron's tickets	-	-	4,250	-
Fashion show - silent auction	6,881	-	6,507	-
Fashion show - tickets	25,390	-	14,220	-
Gift shop sales	46,693	-	39,191	-
Membership meeting income	198	-	345	-
Membership dues	11,310	-	14,715	-
Miscellaneous income	317	-	747	-
Public Programming	714	-	710	-
Interest income	5,051	-	2,731	-
Net assets released from restrictions	2,650	(2,650)	9,921	(9,921)
	<u>\$ 278,736</u>	<u>\$ (400)</u>	<u>\$ 253,865</u>	<u>\$ 22,924</u>

See accountants' report.

BELMONT MANSION ASSOCIATION
SCHEDULE II - EXPENSES - CASH BASIS
Years Ended August 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
EXPENSES		
Program services		
Conservation	\$ 1,545	\$ 565
Contribution to related organization	1,500	1,500
Development	260	268
Education	-	371
Events at Mansion expenses	13,153	18,068
Gift shop	30,820	27,669
Furnishings	951	11,117
Restoration	23,017	16,031
Miscellaneous	1,306	971
Payroll expenses	66,647	66,893
	<u>139,199</u>	<u>143,453</u>
Supporting services		
Management and general		
Advertising	6,797	6,924
Bank charges	3,015	2,028
Dues and subscriptions	1,570	970
Insurance	5,450	4,872
Licenses and permits	45	65
Miscellaneous	(21)	85
Office supplies	2,510	1,762
Postage and delivery	871	2,575
Printing and reproduction	2,690	8,154
Professional fees - accounting	5,981	4,000
Professional fees - consulting	3,513	3,449
Professional fees - legal	148	-
Supplies	112	1,452
Website expense	497	-
Telephone	-	14
Travel	1,301	2,664
Payroll expenses	23,616	21,678
	<u>58,095</u>	<u>60,692</u>
Fund-raising		
Ade's birthday party	-	28
Christmas dinner	6,068	7,110
Fashion show	18,363	14,120
Payroll expenses	21,876	19,021
TAT membership	-	30
	<u>46,307</u>	<u>40,309</u>
	<u>\$ 243,601</u>	<u>\$ 244,454</u>

See accountants' report.

BELMONT MANSION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
August 31, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Belmont Mansion Association was established to operate and maintain the Belmont Mansion, which is located in Nashville, Tennessee. The Mansion is owned by Belmont University and the Association operates and maintains the historic house. The Association's primary sources of revenues are contributions, admissions, gift shop sales, membership dues, and rental of the Mansion.

The Association maintains its books on the cash basis of accounting. Consequently, revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and changes in net assets in conformity with generally accepted accounting principles.

Financial Statement Presentation

The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

Cash and Cash Equivalents

The Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Management's Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventories

Inventories are stated at the lower of cost or market on a first-in, first-out basis. Inventories consist of items that reflect the Association's historical purpose that are held for sale to visitors in the Gift Shop.

Advertising Costs

The Association expenses advertising costs in the year they are paid. Advertising expense for the years ended August 31, 2006 and 2005, was \$6,797 and \$6,924, respectively.

BELMONT MANSION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
August 31, 2006 and 2005

Donated Services and Facilities

Members of the Association have donated significant amounts of time to the Association without compensation. The fair value of these services is not reflected in the accompanying financial statements, in as much as there is no objective basis on which to measure the value of such services and because the statements are prepared on the cash basis.

Belmont University allows the Association to use the Belmont Mansion without charge.

Income Tax Status

The Association qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Property and Equipment

Property, equipment, and improvements purchased by the Organization are expensed when purchased.

NOTE 2 - HISTORICAL COLLECTIONS

In conformity with the practice followed by many museums, the Museum's collections (historical furnishings, art objects, etc.) are not included in the statement of financial position.

The cost of all collection items purchased is reported as a separate program expense. The proceeds from de-accessions are reported as revenue. For the years ended August 31, 2006 and 2005, there were no sales of historical collection items.

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2006</u>	<u>2005</u>
Purpose restrictions accomplished:		
Program expenses	\$ 2,650	\$ 9,921
Total restrictions released	<u>\$ 2,650</u>	<u>\$ 9,921</u>

BELMONT MANSION ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
August 31, 2006 and 2005

Temporarily restricted net assets consist of the following:

Nature of Restriction	2006	2005
Acklen Papers Preservation	\$ 250	\$ -
Computers	1,000	-
Tete a Tete room	19,639	20,639
Manuscripts and library	300	300
Restoration and furnishing of dining room	17,001	17,651
Purchases of collection items	1,000	1,000
Maintenance	140	140
Clothing exhibit	96	96
Grand salon shutters	3,950	3,950
Small study	750	750
	<u>\$ 44,126</u>	<u>\$ 44,526</u>

NOTE 4 - SPLIT-INTEREST AGREEMENT

The Association is the remainder beneficiary of a charitable remainder trust. Another beneficiary will receive the income from the trust until the trust terminates. The trust terminates in 2010. When the trust terminates, the Association will receive the remaining assets. The trust's assets consist of antique furniture appraised at \$100,000 and the invested proceeds of the Association's loan to the trust.

NOTE 5 - BELMONT MANSION FOUNDATION

The Association appoints the Board of Directors of Belmont Mansion Foundation. Accordingly, the Association's financial statements should include the activities of the Foundation. Since the Foundation operates on a different year-end and its Board operates somewhat independently, management believes that it is not practical to include the Foundation's activities in the Association's financial statements.

The Association contributed \$1,500 to Belmont Mansion Foundation in 2006 and \$1,500 in 2005.

Belmont Mansion Foundation contributed \$20,000 to the Association in 2006.

NOTE 6 - CONCENTRATIONS

At August 31, 2006, cash deposits exceeded federally-insured limits by approximately \$60,196.