

**METROPOLITAN EDUCATIONAL  
ACCESS CORPORATION  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
YEAR ENDED JUNE 30, 2006**

**METROPOLITAN EDUCATIONAL ACCESS CORPORATION**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**YEAR ENDED JUNE 30, 2006**

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# BLANKENSHIP CPA GROUP, PLLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Metropolitan Educational Access Corporation

We have audited the accompanying statement of financial position of Metropolitan Educational Access Corporation (the "Organization") as of June 30, 2006, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metropolitan Educational Access Corporation as of June 30, 2006, 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.

*Blankenship CPA Group, PLLC*

September 22, 2006

**METROPOLITAN EDUCATIONAL ACCESS CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2006**

**ASSETS**

Current assets:	
Cash	\$ 33,651
Accounts receivable	<u>129</u>
Total current assets	33,780
Equipment, net	<u>24,583</u>
Total assets	<u><u>\$ 58,363</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities:	
Accrued expenses	\$ 2,000
Other liabilities	3,492
Line of credit	14,641
Deferred revenue	<u>10,000</u>
Total current liabilities	30,133
Unrestricted net assets	<u>28,230</u>
Total liabilities and net assets	<u><u>\$ 58,363</u></u>

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

METROPOLITAN EDUCATIONAL ACCESS CORPORATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2006

Revenues and other support:		
Grants		\$ 57,500
Program revenue		39,001
Donations		<u>1,200</u>
Total revenues and other support	283	<u>97,701</u>
Expenses:		
Salaries		53,154
Contract labor		17,667
Production fees		11,751
Depreciation		10,803
Payroll taxes		4,158
Commissions		3,781
Supplies		3,516
Auto		2,733
Accounting		2,478
Telephone		1,919
Office		1,898
Insurance		1,602
Equipment - maintenance and rental		1,365
Travel		1,060
Storage		1,055
Entertainment		1,031
Miscellaneous		999
Bank and finance charges		833
Licenses and fees		682
Postage		467
Utilities		300
Internet safety		295
Printing		<u>57</u>
Total expenses		<u>123,604</u>
Decrease in net assets	25,093	-- (25,903)
Net assets, beginning of year		<u>54,133</u>
Net assets, end of year	85,306	<u>\$ 28,230</u>

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

METROPOLITAN EDUCATIONAL ACCESS CORPORATION  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2006

Cash flows from operating activities:	
Decrease in net assets	\$ (25,903)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	10,803
Decrease in accounts receivable	18,436
Increase in accounts payable	3,492
Increase in accrued expenses	1,231
Increase in deferred revenue	<u>10,000</u>
Net cash provided by operating activities	<u>18,059</u>
Cash flows from investing activities:	
Equipment purchase	<u>(808)</u>
Net cash used in investing activities	<u>(808)</u>
Cash flows from financing activities:	
Proceeds from line of credit	17,000
Payments on line of credit	<u>(2,359)</u>
Net cash provided by financing activities	<u>14,641</u>
Net increase in cash	31,892
Cash, beginning of year	<u>1,759</u>
Cash, end of year	<u>\$ 33,651</u>

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

METROPOLITAN EDUCATIONAL ACCESS CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Metropolitan Educational Access Corporation's (MEAC, the "Organization") purpose is to aid, promote, encourage, and contribute to civic well being. Specifically, by, overseeing program production for and management of the educational access channels, day-to-day operation of the educational access channels, establishing and administering all rules, regulations, and procedures pertaining to the use and schedule of the educational access channels, and developing the use of these channels by all schools, colleges, universities, and other organizations with educational missions within the franchise area including Nashville, Tennessee.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, net assets of MEAC and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets which are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. MEAC has no temporarily restricted net assets as of June 30, 2006.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. MEAC has no permanently restricted net assets as of June 30, 2006.

Donations

Donations received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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.

METROPOLITAN EDUCATIONAL ACCESS CORPORATION  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

For purposes of the statement of cash flows, cash includes all cash accounts held by MEAC as of June 30, 2006.

Equipment

Equipment is recorded at cost or, if donated, at the estimated fair market value at the date of the donation. Depreciation is provided over the estimated useful lives of five to seven years on a straight-line basis. Expenditures for repairs and maintenance are expensed as incurred.

Deferred Revenue

MEAC records grant/contract revenue as deferred revenue until it is expended for the purpose of the grant/contract, at which time it is recognized as revenue.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Income Taxes

MEAC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

Concentrations of Credit Risk

MEAC maintains a checking account at one bank. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at this bank does not exceed FDIC's limits as of June 30, 2006.

NOTE 2 - EQUIPMENT

Depreciation expense was \$10,803 for the year ended June 30, 2006. Equipment is as follows:

Automobile	\$ 1,405
Equipment	45,421
	<u>46,826</u>
Less: accumulated depreciation	(22,243)
Net	<u>\$ 24,583</u>



**METROPOLITAN EDUCATIONAL ACCESS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2006**

**NOTE 3 - LINE OF CREDIT**

As of June 30, 2006 MEAC has a \$30,000 line of credit with AmSouth Bank with interest at 11% to be drawn upon as needed when experiencing temporary shortfalls of operating capital, because of the nature of grant and funding procedures. As of June 30, 2006, the outstanding balance was \$14,641.

**NOTE 4 - COMMITMENTS AND CONTINGENCIES**

The Organization receives a substantial amount of its support and revenues from government agencies. A significant reduction in the level of this support, if this were to occur, may have an affect on MEAC's programs and activities. In addition, the funding received by MEAC from government agencies is subject to audit and retroactive adjustment.