

BACKFIELD IN MOTION, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2005 and 2004

BACKFIELD IN MOTION, INC.
Financial Statements
December 31, 2005 and 2004

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INDEPENDENT AUDITOR'S REPORT

To the Management
of Backfield in Motion, Inc.
Nashville, Tennessee

We have audited the accompanying statement of financial position of Backfield in Motion, Inc. as of December 31, 2005, 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. The financial statements of Backfield in Motion, Inc. as of December 31, 2004, were audited by other auditors whose report dated March 30, 2005, expressed an unqualified opinion on those statements.

We conducted our audits 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 2005 financial statements referred to above present fairly, in all material respects, the financial position of Backfield in Motion, Inc. 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.

A handwritten signature in dark ink, appearing to read 'Thomas Financial Resources', is written over a light gray rectangular background.

March 10, 2006

BACKFIELD IN MOTION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Current Assets		
Cash	\$ 19,950	\$ 32,416
Prepaid insurance	10,074	13,244
Prepaid consulting	-	2,500
Total current assets	<u>30,024</u>	<u>48,160</u>
Property and Equipment		
Land	29,800	29,800
Building	136,470	136,470
Office equipment and computers	49,714	35,671
Vehicles	39,729	-
	<u>255,713</u>	<u>201,941</u>
Less: accumulated depreciation	(29,508)	(10,455)
Total property and equipment	<u>226,205</u>	<u>191,486</u>
 Total assets	 <u><u>\$ 256,229</u></u>	 <u><u>\$ 239,646</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 3,444	\$ 7,536
Current portion of notes payable	19,000	6,255
Current portion of capital lease obligation	2,514	-
Total Current Liabilities	<u>24,958</u>	<u>13,791</u>
Long Term Debt		
Notes payable	134,220	117,224
Capital lease obligation	5,029	-
Total long term debt	<u>139,249</u>	<u>117,224</u>
 Total liabilities	 164,207	 131,015
Net Assets		
Unrestricted	92,022	108,631
Total liabilities and net assets	<u><u>\$ 256,229</u></u>	<u><u>\$ 239,646</u></u>

The accompanying notes are an integral part of these financial statements

**BACKFIELD IN MOTION, INC.
STATEMENTS OF ACTIVITIES**

	Year Ended December 31,	
	2005	2004
	<u>Unrestricted</u>	<u>Unrestricted</u>
Public Support and Revenue		
Public Support:		
Contributions	\$ 1,042,542	\$ 1,304,790
Grants	20,000	4,000
Total public support	<u>1,062,542</u>	<u>1,308,790</u>
Revenue:		
Special events, net of direct costs of \$46,533	29,294	-
Other Income	14	199
Total revenue	<u>29,308</u>	<u>199</u>
Total public support and revenue	<u>1,091,850</u>	<u>1,308,989</u>
Expenses		
Program expenses		
Education	236,072	225,757
Athletics	426,863	454,911
Pearl Cohn wellness center	-	139,984
Other programs	23,292	80,160
Sponsorships and donations	-	5,259
VIP trips	-	200
4th and 1	809	14,210
Total program expenses	<u>687,036</u>	<u>920,481</u>
Marketing and development	126,127	131,614
Administrative	295,296	193,244
Loss on disposal of assets	-	4,137
Total expenses	<u>1,108,459</u>	<u>1,249,476</u>
Change in net assets	(16,609)	59,513
Net assets at beginning of year	108,631	49,118
Net assets at end of year	<u><u>\$ 92,022</u></u>	<u><u>\$ 108,631</u></u>

The accompanying notes are an integral part of these financial statements

BACKFIELD IN MOTION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Cash Flows From Operating Activities		
Change in net assets	(\$16,609)	\$59,513
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,053	9,138
Loss on disposal of equipment	-	4,137
Changes in operating assets and liabilities:		
Prepays	5,670	(10,093)
Accounts payable	(4,092)	(2,515)
Net cash provided by operating activities	<u>4,022</u>	<u>60,180</u>
Cash flows From Investing Activities		
Purchases of property and equipment	(53,772)	(32,662)
Proceeds from sale of assets	-	2,460
Net cash used in investing activities	<u>(53,772)</u>	<u>(30,202)</u>
Cash flows From Financing Activities		
Proceeds from issuance of notes payable	39,729	-
Payments on notes payable	(9,988)	(5,755)
Proceeds from issuance of capital lease obligations	10,057	-
Payments on capital lease obligations	(2,514)	-
Net cash provided by (used in) financing activities	<u>37,284</u>	<u>(5,755)</u>
 Net (decrease) increase in cash and cash equivalents	 (12,466)	 24,223
Cash at beginning of year	32,416	8,193
Cash at end of year	<u><u>\$19,950</u></u>	<u><u>\$32,416</u></u>
 Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	<u><u>\$7,178</u></u>	<u><u>\$7,390</u></u>

The accompanying notes are an integral part of these financial statements

BACKFIELD IN MOTION, INC.
Notes to Financial Statements
December 31, 2005 and 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Backfield in Motion, Inc. (the “Organization”) is a not-for-profit organization incorporated in 2000 to sponsor youth football leagues and year-round tutoring at Nashville community centers. Services are available at no cost to children and families. The Organization’s educational 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 revenues, 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 stipulations.

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.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments, with an original maturity when purchased of three months or less, to be cash and cash equivalents. At December 31, 2005 and at December 31, 2004, the Organization had no cash equivalents.

BACKFIELD IN MOTION, INC.
Notes to Financial Statements
December 31, 2005 and 2004

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 increases 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.

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.

Use of Estimates

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.

Income Taxes

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 made in the financial statements.

BACKFIELD IN MOTION, INC.
Notes to Financial Statements
December 31, 2005 and 2004

NOTE 2 – NOTES PAYABLE

	<u>2005</u>	<u>2004</u>
Note payable with SunTrust for the purchase of land and a building. The note requires monthly payments of principal and interest in the amount of \$1,096. The note bears interest at 5.75% and matures May 2008, at which time all outstanding interest and principal are due.	\$117,356	\$123,479
Note payable to Ford Credit bearing interest of 9.74%. The note requires monthly payments of principal and interest in the amount of \$638. The note matures August 2008.	17,932	-
Note payable to Ford Credit bearing interest of 9.74%. The note requires monthly payments of principal and interest in the amount of \$638. The note matures August 2008.	<u>17,932</u>	<u>-</u>
Less current maturities	153,220 <u>(19,000)</u> <u>\$134,220</u>	123,479 <u>(6,255)</u> <u>\$117,224</u>

Maturities of debt are as follows:

2006	19,000
2007	20,651
2008	<u>113,569</u>
	<u>\$153,220</u>

BACKFIELD IN MOTION, INC.
Notes to Financial Statements
December 31, 2005 and 2004

NOTE 3 – CAPITAL LEASE OBLIGATION

2005

The Organization leases a phone system with BSFS Equipment Leasing requiring monthly payments of \$209.54 through December 2008.

\$7,543

Less amount due within one year

(2,514)

\$5,029

Future minimum lease payments under capital lease obligation are as follows:

2006	\$2,514
2007	2,514
2008	<u>2,515</u>
	<u>\$7,543</u>

NOTE 4 – RELATED PARTY

The Organization received contributions of \$935,000 and \$1,295,000 from the President of the Organization during 2005 and 2004, respectively. These contributions were included in the Statement of Activities for the year ended December 31, 2005 and 2004.