

Metropolitan Educational Access Corporation
Financial Statements
June 30, 2009 and 2008

Table of Contents

Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3, 4
Statements of Cash Flows.....	5
Notes to Financial Statements	6

McKerley & Noonan, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
Metropolitan Educational Access Corporation
Nashville, TN

We were engaged to audit the accompanying statements of financial position of Metropolitan Educational Access Corporation (a nonprofit organization) as of June 30, 2009 and 2008 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of MEAC's management.

Certain prior year records and supporting data were not available for our audit. Therefore, we were not able to satisfy ourselves about numerous amounts recorded in the accompanying financial statements.

Because of the significance of the matters discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

McKerley & Noonan

McKerley & Noonan, P.C.
September 14, 2010

Metropolitan Educational Access Corporation
Statements of Financial Position
June 30, 2009 and 2008

	Year Ended June 30,	
	2009	2008
Assets		
Cash	\$ 7,451	\$ 8,722
Grants and Other Receivables	5,370	2,500
Total Current Assets	12,821	11,222
Equipment, at Cost, less Accumulated Depreciation of \$39,402 in 2009 and \$34,523 in 2008	6,019	10,898
Total Assets	\$ 18,840	\$ 22,120
Current Liabilities		
Accrued Expenses	\$ 2,030	\$ -
Other Liabilities	1,282	3,785
Line of Credit	17,355	21,040
Total Current Liabilities	20,667	24,825
Net Assets		
Unrestricted	(1,827)	(2,705)
Total Liabilities and Net Assets	\$ 18,840	\$ 22,120

Metropolitan Educational Access Corporation
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Program Revenue	\$ 22,900	\$ -	\$ 22,900
Grants (Note 5)	-	75,406	75,406
Contributions	584	-	584
Other Income	847	-	847
Net Assets Released from Restrictions	75,406	(75,406)	-
Total Support and Revenue	<u>99,737</u>	<u>-</u>	<u>99,737</u>
Expenses			
Salaries	57,664	-	57,664
Payroll Taxes	6,022	-	6,022
Production Expenses	15,800	-	15,800
Professional Fees	5,710	-	5,710
Insurance	1,561	-	1,561
Interest Expense	1,348	-	1,348
Equipment Expense	1,052	-	1,052
Telephone Expense	938	-	938
Internet Expense	1,249	-	1,249
Postage and Delivery	157	-	157
Travel	618	-	618
Meals and Entertainment	85	-	85
Vehicle Expense	130	-	130
Supplies	1,335	-	1,335
Office Expense	311	-	311
Depreciation	4,879	-	4,879
Total Expenses	<u>98,859</u>	<u>-</u>	<u>98,859</u>
Change in Net Assets	878	-	878
Net Assets, Beginning of Year	<u>(2,705)</u>	<u>-</u>	<u>(2,705)</u>
Net Assets, End of Year	<u>\$ (1,827)</u>	<u>\$ -</u>	<u>\$ (1,827)</u>

Metropolitan Educational Access Corporation
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2008

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Program Revenue	\$ 48,427	\$ -	\$ 48,427
Grants (Note 5)	-	100,479	100,479
Contributions	11,000	-	11,000
Net Assets Released from Restrictions	100,479	(100,479)	-
Total Support and Revenue	<u>159,906</u>	<u>-</u>	<u>159,906</u>
Expenses			
Salaries	66,011	-	66,011
Payroll Taxes	4,482	-	4,482
Production Expenses	53,053	-	53,053
Rent	2,675	-	2,675
Promotional Expenses	1,200	-	1,200
Professional Fees	5,780	-	5,780
Insurance	1,412	-	1,412
Interest Expense	2,293	-	2,293
Equipment Expense	1,199	-	1,199
Telephone Expense	4,295	-	4,295
Postage and Delivery	177	-	177
Travel	826	-	826
Meals and Entertainment	1,372	-	1,372
Vehicle Expense	3,499	-	3,499
Supplies	1,015	-	1,015
Office Expense	4,947	-	4,947
Training and Seminars	210	-	210
Depreciation	6,256	-	6,256
Dues and Subscriptions	460	-	460
Miscellaneous Expenses	19,614	-	19,614
Total Expenses	<u>180,776</u>	<u>-</u>	<u>180,776</u>
Change in Net Assets	(20,870)	-	(20,870)
Net Assets, Beginning of Year	<u>18,165</u>	<u>-</u>	<u>18,165</u>
Net Assets, End of Year	<u>\$ (2,705)</u>	<u>\$ -</u>	<u>\$ (2,705)</u>

Metropolitan Educational Access Corporation
Statements of Cash Flows
For the Years Ended June 30, 2009 and 2008

	Year Ended June 30,	
	2009	2008
Cash Flows from Operating Activities		
Change in Net Assets	\$ 878	\$ (20,870)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	4,879	6,256
Loss on Write-off of Vehicles	-	243
(Increase)Decrease in Grants and Other Receivables	(2,870)	15,524
Increase(Decrease) in Accrued Expenses and Other Liabilities	(473)	596
Increase(Decrease) in Line of Credit	(3,685)	3,510
Total Adjustments	(2,149)	26,129
Net Cash Provided (Used) by Operating Activities	(1,271)	5,259
Net Decrease in Cash	(1,271)	5,259
Cash in Bank, Beginning of Year	8,722	3,463
Cash in Bank, End of Year	\$ 7,451	\$ 8,722
Supplemental Information:		
Interest Paid During the Year	\$ 1,348	2,293

Metropolitan Educational Access Corporation
Notes to Financial Statements
For the Year Ended June 30, 2009 and 2008

Note 1 - Description and Purpose of Organization

Metropolitan Educational Access Corporation (MEAC) was established 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.

Note 2 - Summary of Significant Accounting Policies

The financial statements of MEAC have been prepared on the accrual basis of accounting which means that revenues are recognized when earned and expenses are recorded when incurred. The significant accounting policies of MEAC are described below to enhance the usefulness of the financial statements to the reader.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

For financial statement presentation, MEAC reports its financial information according to three classes of net assets (unrestricted net assets, temporarily restricted net assets and permanently restricted net assets) based on the existence or absence of donor-imposed restrictions.

Unrestricted Net Assets

Unrestricted net assets are donations that are not subject to donor-imposed stipulations. Monies received without restriction or released from restriction are generally used to finance the normal day-to-day operations of MEAC.

Temporarily Restricted Net Assets

Temporarily restricted net assets are donations that are subject to donor-imposed stipulations that may or will be met, either by actions of MEAC and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At June 30, 2009 and 2008, there were no temporarily restricted net assets.

Metropolitan Educational Access Corporation
Notes to Financial Statements
For the Year Ended June 30, 2009 and 2008

Note 2 - Summary of Significant Accounting Policies (continued)

Permanently Restricted Net Assets

Permanently restricted net assets are donations subject to donor-imposed stipulations that they be maintained permanently by MEAC. Generally, the donors of these assets permit MEAC to use all or part of the income earned on any related investments for general or specific purposes. As of June 30, 2009 and 2008, there were no permanently restricted net assets.

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.

Cash

For purposes of the statement of cash flows, cash includes all cash accounts held by MEAC as of June 30, 2009 and 2008.

Fixed Assets

Fixed assets are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

Income Taxes

The Internal Revenue Service recognizes MEAC as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and has classified it as other than a private foundation as defined in Code Section 590(a). Therefore, no provision for federal or state income taxes is applicable.

Note 3 – Credit Risk

MEAC maintains a checking account at one bank. Accounts in this institution are insured by the Federal Deposit Insurance Corporation (FDIC). Cash at this bank did not exceed FDIC's limits as of June 30, 2009 or 2008.

Metropolitan Educational Access Corporation
Notes to Financial Statements
For the Year Ended June 30, 2009 and 2008

Note 4 – Grants and Other Receivables

As of June 30, 2009 and 2008, grants and other receivables consisted of:

	2009	2008
Metropolitan Government of Nashville and Davidson County	\$5,370	\$2,500
Total Grants and Other Receivables	<u>\$5,370</u>	<u>\$2,500</u>

Note 5 – Fixed Assets

Equipment is recorded at cost. Depreciation of equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Equipment consists of the following:

	2009	2008
Equipment	\$45,421	\$45,421
Less: Accumulated Depreciation	(39,402)	(34,523)
	<u>\$6,019</u>	<u>\$10,898</u>

Depreciation expense for the years ended June 30, 2009 and 2008 was \$4,879 and \$6,256, respectively.

Note 6 – Line of Credit

As of June 30, 2009 and 2008, MEAC had a \$30,000 line of credit with Regions Bank bearing 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, 2009 and 2008, the outstanding balance was \$17,355 and \$21,040, respectively.

Note 7 – Commitments and Contingencies

MEAC receives a substantial amount of its support and revenues from government agencies. In the event of a significant reduction in the level of this support, MEAC's programs and activities would likely be affected. In addition, the funding received by MEAC from government agencies is subject to audit and retroactive adjustment.

Note 8 – Subsequent Events

Subsequent events have been evaluated through the financial statement issuance date of September 14, 2010.