CES & ASSOCIATES, INC.
(CREATING AN ENVIRONMENT OF SUCCESS, INC.)
d/b/a YOUTH ABOUT BUSINESS

FINANCIAL STATEMENTS

OCTOBER 31, 2005

(With Independent Auditors' Report Thereon)

CES & ASSOCIATES, INC.
FINANCIAL STATEMENTS
OCTOBER 31, 2005

CONTENTS

	PAGE
Independent Auditors' Report	1
Audited Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 10

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
CES & Associates, Inc.

We have audited the accompanying statements of financial position of CES & Associates, Inc. (Creating an Environment of Success, Inc.) d/b/a Youth About Business (a nonprofit organization) as of October 31, 2005, and the related statements of activities, functional expenses, 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 CES & Associates, Inc. as of October 31, 2005, 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.

As stated in Note 8, for the year ended October 31, 2005, the Organization overaccrued previously recorded property tax accruals and understated inventory; consequently, a prior period adjustment affecting previously reported net assets has been recorded to reverse those errors.

Akersloot, Patterson & Associates, P.L.L.C.

March 7, 2006

CES & ASSOCIATES, INC.
STATEMENT OF FINANCIAL POSITION
OCTOBER 31, 2005

ASSETS

Current Assets:		
Cash	$ 149,644	
Investments	9,003	
Contributions receivable, net of allowance for bad debts of $2,660	78,567	
Inventory	216,007	
Prepaid expenses	8,966	
Total current assets		$ 462,187
Long-term contributions receivable, unrestricted		71,200
Investments		10,900
Property and Equipment:		
Land	65,000	
Business training center	809,537	
Equipment	38,603	
Furniture and fixtures	26,110	
Computers	23,543	
Vehicles	54,234	
Leasehold improvements	18,000	
	1,035,027	
Less: accumulated depreciation	(289,543)	
		745,484
Other asset-security deposit		19,920
		$ 1,309,691

LIABILITIES AND NET ASSETS

Current Liabilities:		
Current installments of notes payable	$ 190,978	
Current capitalized lease obligation	6,183	
Accounts payable and accrued expenses	158,697	
Rent deposits	5,913	
Total current liabilities		$ 361,771
Notes payable, less current installments		927,978
Lease obligation, less current installments		10,214
		1,299,963
Net Assets:		
Unrestricted	(91,273)	
Temporarily restricted	101,001	
		9,728
		$ 1,309,691

See accompanying notes to financial statements.

CES & ASSOCIATES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2005

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenues:				
Contributions	$ 455,039	$ -	$ -	$ 455,039
Revenues:				
Summer business trips	2,066	-	-	2,066
Special events income	9,935	-	-	9,935
Awards banquet	33,813	-	-	33,813
Training center income	847,997	-	-	847,997
Restaurant income	34,190	-	-	34,190
Membership dues	430	-	-	430
Scholarships	225	-	-	225
Interest income	1,614	-	-	1,614
Unrealized gain on investments, net	59	-	-	59
Miscellaneous income	151	-	-	151
Total revenues	930,480	-	-	930,480
Total public support and revenues	1,385,519	-	-	1,385,519
Expenses and Losses:				
Program Services:				
Training centers	1,010,612	-	-	1,010,612
Membership	2,148	-	-	2,148
Total program services	1,012,760	-	-	1,012,760
Supporting Services:				
Management and general	279,194	-	-	279,194
Fundraising	51,094	-	-	51,094
Total supporting services	330,288	-	-	330,288
Total program and supporting expenses	1,343,048	-	-	1,343,048
Increase in net assets	42,471	-	-	42,471
Net assets - beginning of year, as previously reported	(337,884)	101,001	-	(236,883)
Prior period adjustments	204,140	-	-	204,140
Net assets - beginning of year, as restated	(133,744)	101,001	-	(32,743)
Net assets - end of year	$ (91,273)	$ 101,001	$ -	$ 9,728

See accompanying notes to financial statements.

CES & ASSOCIATES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2005

	Program Services			Supporting Services		
	Training Center	Membership	Total	Management and General	Fundraising	Total Expenses
Salaries and wages	$ 236,228	-	236,228	$ 123,720	$ -	$ 359,948
Executive allowances	-	-	-	2,277	-	2,277
Security	1,167		1,167	-	-	1,167
Member relations	-	1,714	1,714	-	-	1,714
Automobile	5,244	-	5,244	3,814	-	9,058
Bank charges	-	-	-	2,143	-	2,143
Contract labor	77,189	-	77,189	2,973	350	80,512
Contributions	110	-	110	9,376	250	9,736
Dues and subscriptions	205	-	205	760	-	965
Insurance	15,412	-	15,412	7,313	-	22,725
Interest	-	-	-	59,140	-	59,140
Licenses and permits	50	-	50	20	-	70
Board meetings	-	-	-	823	-	823
Community relations meetings	-	-	-	747	-	747
Advertising and marketing	25,022	-	25,022	-	1,836	26,858
Miscellaneous	197	-	197	2,150	-	2,347
Office supplies	-	-	-	3,927	125	4,052
Postage and delivery	3,645	-	3,645	1,216	400	5,261
Professional fees	9,335	-	9,335	-	-	9,335
Contract services	21,036	-	21,036	-	-	21,036
Scholarship	4,000	-	4,000	-	-	4,000
Rent	124,906	-	124,906	-	-	124,906
Repairs and maintenance	13,531	-	13,531	2,350	-	15,881
Waste disposal	-	-	-	9,301	-	9,301
Electronic sales expense	4,014	-	4,014	-	-	4,014
Unemployment taxes	120	-	120	-	-	120
Telephone	4,080	-	4,080	7,184	-	11,264
Travel and entertainment	3,185	-	3,185	-	-	3,185
Utilities	50,311	-	50,311	-	-	50,311
Sales tax expense	34,850	-	34,850	-	-	34,850
Property taxes	8,273	-	8,273	-	-	8,273
Personalty taxes	402	-	402	-	-	402
Printing and production	6,985	74	7,059	-	714	7,773
Bad debts	-	360	360	39,960	-	40,320
Fundraising supplies	-	-	-	-	6,017	6,017
Fundraising meals	-	-	-	-	38,241	38,241
Fundraising support	-	-	-	-	1,402	1,402
Summer business camps	232,736	-	232,736	-	1,759	234,495
All Things Possible Bargain Center	16,083	-	16,083	-	-	16,083
Annual Enrichment Trip	2,269	-	2,269	-	-	2,269
YAB Real Estate Company	5,521	-	5,521	-	-	5,521
YAB - Other	998	-	998	-	-	998
YAB Investment Club	875	-	875	-	-	875
YAB Restaurant	19,499	-	19,499	-	-	19,499
YAB Ownership Management Program	9,158	-	9,158	-	-	9,158
YAB Specialty Company	7,744	-	7,744	-	-	7,744
YAB Technology Center	7,242	-	7,242	-	-	7,242
YAB Training Center	6,634	-	6,634	-	-	6,634
Total expenses before depreciation	958,256	2,148	960,404	279,194	51,094	1,290,692
Depreciation	52,356		52,356	-	-	52,356
	$ 1,010,612	$ 2,148	$ 1,012,760	$ 279,194	$ 51,094	$ 1,343,048

See accompanying notes to financial statements.

CES & ASSOCIATES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2005

Cash Flows From Operating Activities:		
Increase in net assets		$ 42,471
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	$ 52,356	
Bad debts	32,073	
Changes in:		
Restricted cash	15,854	
Accounts receivable	(38,322)	
Prepaid assets	(8,966)	
Investments	(479)	
Accounts payable	70,081	
Accrued expenses	10,999	
Total adjustments		133,596
Net cash provided by operating activities		176,067
Cash Flows From Financing Activities:		
Payments on long-term debt	(32,935)	
Payments on capitalized lease obligation	(7,197)	
Net cash used in financing activities		(40,132)
Net increase in cash		135,935
Cash - beginning of year		13,709
Cash - end of year		$ 149,644

See accompanying notes to financial statements.

NOTE 1 - Summary of Significant Accounting Policies

a. Nature of Activities

CES & Associates, Inc. (Creating an Environment of Success, Inc.) d/b/a Youth About Business, is a nonprofit organization, was organized for the purpose of promoting values of entrepreneurship and self-empowerment in under-served communities.

The Organization currently operates a catering service, a summer business camp, a technology center, a youth business program, and a retail store.

b. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization 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 stipulations 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.

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.

c. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted cash, certificates of deposit and investment instruments purchased with original maturities of three months or less to be cash equivalents. At October 31, 2005, the Organization had no cash equivalents.

d. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities as unrestricted revenues or expenses, unless specified by the donor.

e. Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give are recorded when the promises are made. Unconditional promises to give due in the next year are reflected as current pledges receivable and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term pledges receivable and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the pledges are received to discount the amounts. The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

NOTE 1 - Summary of Significant Accounting Policies (continued)

f. Equipment

Equipment is recorded at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred. It is the Organization's policy to capitalize purchases of fixed assets with a value of $500 or more or with a useful life of over one year.

g. Inventories

Inventory, which is comprised of donated consumer goods such as clothes, furniture, books, and other household items which are resold in the retail store, is valued at each item's fair value on the date received.

h. Income Tax Status

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and the Organization is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

i. Functional Allocation of Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

j. 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. Actual results could differ from those estimates.

k. Fair Values of Financial Instruments

The carrying values of current assets and current liabilities approximate fair values due to the short maturities of these instruments.

The fair values of the notes payable and the capitalized lease obligation approximate the carrying amounts and are estimated based on current rates offered to the Organization.

NOTE 2 - Investments

Investments at October 31, 2005, consist of the following:

Investment in a time-share condominium in Orlando, Florida	$ 10,900
Investment in 8 shares of preferred stock of Meriwether Capital Corporation	7,750
Investment in 35 shares of Microsoft Corporation	900
Investment in 13 shares of Pfizer, Inc.	353
	$ 19,903

CES & ASSOCIATES, INC.
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2005

NOTE 3 - Contributions Receivable

The following are the future maturities of contributions receivable at October 31, 2005:

Year ending October 31,	Amount
2006	$ 81,227
2007	32,650
2008	35,650
2009	2,900
	152,427
Less: current installments	(81,227)
	$ 71,200

NOTE 4 - Notes Payable

A summary of long-term debt at October 31, 2005, is as follows:

Note payable to a Florida limited partnership, payable in monthly installments of $187, including interest at 17.782%, through maturity in September 2011. Note is secured by a timeshare property in Orlando, Florida.	$ 8,185
Note payable to Pinnacle National Bank, payable on March 1, 2006, bearing interest at the Wall Street Journal Prime rate plus .0025% (7%, at October 31, 2005). Note is unsecured and is guaranteed by individual guarantors.	140,000
Note payable to Toyota Motor Credit, payable in monthly installments of $284, including interest at 3.95% through maturity in June 2008. Note is secured by a vehicle.	8,599
Note payable to Bank of America, payable in monthly installments of $1,000 plus interest at the Wall Street Journal LIBOR rate plus 2 points (6.06% at October 31, 2005). Total annual principal payments of no less than $35,000 are due on or before December 15, 2005, and December 15, 2006, with the total principal due on December 15, 2006.	962,172
	1,118,956
Less: current installments	(190,978)
	$ 927,978

NOTE 4 - Notes Payable (Continued)

Future maturities of long-term debt are as follows:

Year Ending October 31,	
2006	$ 190,978
2007	919,440
2008	3,456
2009	1,457
2010	1,738
Thereafter	1,887
	$ 1,118,956

NOTE 5 - Leases

The Organization leases office space and certain office equipment under lease arrangements classified as operating leases. Total rent expense under these leases totaled $124,906 for the year ended October 31, 2005.

The Organization also leases a vehicle under a leasing arrangement classified as a capital lease. The lease is for a period of forty-seven months with monthly lease payments of $537 including interest at 3.502% through maturity in July 2008.

The following is a schedule of minimum lease payments under the noncancellable operating and the capital leases as of December 31, 2004:

Year Ending October 31,	Capital Leases	Operating Leases
2006	$ 6,444	$ 107,587
2007	6,444	107,587
2008	4,300	107,587
2009	-	98,622
2010	-	
Thereafter	-	
	$ 17,188	$ 421,383
Less: amount representing interest	(791)	
Present value of net minimum lease payments	$ 16,397	

A summary of the asset utilized under the capitalized lease is as follows:

Cost	$ 25,759
Accumulated depreciation	(10,304)
Net book value	$ 15,455

NOTE 6 - Real Estate Training Center Income

The Company, through its real estate training center, rents certain office space to various tenants in the shopping center under leases classified as operating leases. The following is a schedule of future minimum lease payments to be received as of October 31, 2005:

Year Ending October 31,	
2006	$ 56,070
2007	44,845
2008	26,895
2009	11,790
	$ 139,600

NOTE 7 - Contingent Liability

The Organization has applied for an exemption from payment of property taxes that have been outstanding since 2002. The Organization fully expects to receive the exemption and does not expect to pay any outstanding assessment or related penalties and interest. Consequently, no accrual has been made in the accompanying financial statements for the outstanding assessment.

NOTE 8 - Prior Period Adjustment

A prior period adjustment has been recorded in the amount of $174,350 to adjust inventory at October 31, 2004. This adjustment increased net assets as of the beginning of the fiscal year by $174,350. Inventory at the beginning of the year was calculated based on current sales, donations of inventory items, and the inventory balance at October 31, 2005.

A prior period adjustment has also been recorded to reverse previously recorded accrued property taxes in the amount of $29,790. See Note 7. Such an adjustment increased previously recorded net assets by $29,790.