

BACKFIELD IN MOTION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2004 AND 2003

BACKFIELD IN MOTION, INC.

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Independent Auditors' Report

The Board of Directors
Backfield in Motion, Inc.
Nashville, Tennessee

We have audited the accompanying statements of financial position of Backfield in Motion, Inc. as of December 31, 2004 and 2003, and the related statements of activities and cash flows for the years 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 audits.

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 audits 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 audits provide 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 Backfield in Motion, Inc., as of December 31, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Crosslin, Vaden & Associates, P. C.

Nashville, Tennessee
March 30, 2005

BACKFIELD IN MOTION, INC.
STATEMENTS OF FINANCIAL POSITION

	<u>December 31,</u>	
	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 32,416	\$ 8,193
Prepaid Insurance	13,244	5,651
Prepaid Consulting	<u>2,500</u>	<u>-</u>
Total current assets	<u>48,160</u>	<u>13,844</u>
LAND, BUILDING, EQUIPMENT AND VEHICLES, net (Note B)	<u>191,486</u>	<u>174,559</u>
Total assets	<u>\$239,646</u>	<u>\$188,403</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 7,536	\$ 10,051
Current portion of note payable (Note C)	<u>6,255</u>	<u>5,907</u>
Total current liabilities	<u>13,791</u>	<u>15,958</u>
NOTE PAYABLE, less current portion (Note C)	117,224	123,327
NET ASSETS:		
Unrestricted	<u>108,631</u>	<u>49,118</u>
Total liabilities and net assets	<u>\$239,646</u>	<u>\$188,403</u>

See accompanying notes to financial statements.

BACKFIELD IN MOTION, INC.
STATEMENTS OF ACTIVITIES

	<u>Year Ended December 31,</u>	
	<u>2004</u>	<u>2003</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
SUPPORT AND REVENUE:		
Support:		
Contributions	\$1,304,790	\$927,411
Grants	<u>4,000</u>	<u>-</u>
Total support	<u>1,308,790</u>	<u>927,411</u>
Revenue:		
Other income	<u>199</u>	<u>-</u>
Total revenue	<u>199</u>	<u>-</u>
Total support and revenue	<u>1,308,989</u>	<u>927,411</u>
EXPENSES		
Program expenses		
Education	225,757	460,893
Athletics	454,911	89,831
Pearl Cohn wellness center	139,984	-
Other programs	80,160	-
Consulting	-	23,728
Sponsorships and donations	5,259	22,456
VIP trips	200	33,949
4th and 1	<u>14,210</u>	<u>11,582</u>
	920,481	642,439
Marketing and development	131,614	79,164
Administrative	193,244	167,621
Loss on disposal of assets	<u>4,137</u>	<u>-</u>
Total expenses	<u>1,249,476</u>	<u>889,224</u>
Net increase in net assets	59,513	38,187
Net assets at beginning of year	<u>49,118</u>	<u>10,931</u>
Net assets at end of year	<u>\$ 108,631</u>	<u>\$ 49,118</u>

See accompanying notes to financial statements.

BACKFIELD IN MOTION, INC.
STATEMENTS OF CASH FLOWS

	<u>Year Ended December 31,</u>	
	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Increase in net assets	\$ 59,513	\$ 38,187
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	9,138	4,972
Loss on disposal of assets	4,137	-
Increase in prepaids	(10,093)	(5,651)
Decrease in accounts payable	<u>(2,515)</u>	<u>(1,982)</u>
Net cash provided by operating activities	<u>60,180</u>	<u>35,526</u>
Cash flows from investing activities:		
Purchase of land, building, and equipment	(32,662)	(169,406)
Proceeds from sale of assets	<u>2,460</u>	<u>-</u>
Net cash used in investing activities	<u>(30,202)</u>	<u>(169,406)</u>
Cash flows from financing activities:		
Proceeds from issuance of notes payable	-	132,000
Payments on notes payable	<u>(5,755)</u>	<u>(2,766)</u>
Net cash (used in) provided by financing activities	<u>(5,755)</u>	<u>129,234</u>
Net increase (decrease) in cash	24,223	(4,646)
Cash at beginning of year	<u>8,193</u>	<u>12,839</u>
Cash at end of year	<u>\$ 32,416</u>	<u>\$ 8,193</u>

See accompanying notes to financial statements.

BACKFIELD IN MOTION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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.

Accrual Basis and Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting.

The Organization's net assets and its revenue, expenses, gains, and losses are classified into three classes of net assets based on the existence or absence of donor-imposed restrictions. Net assets of the Organization and changes therein are classified 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.

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 on related investments for general or specific purposes.

The amount for each of these classes of net assets is displayed in the statement of financial position and the amount of change in each class of net assets is displayed in the statement of activities. The Organization has no temporarily or permanently restricted net assets as of December 31, 2004 and 2003.

BACKFIELD IN MOTION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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.

Building, Equipment and Vehicles

Building, equipment and vehicles are stated at cost, or if contributed, at fair market value at date of gift.

Depreciable assets are being depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	40 years
Equipment and vehicles	5 years

Income Taxes

The Organization is exempt from federal 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.

Use of Estimates in the Preparation of Financial Statements

Judgment and estimation are exercised by management in certain areas of the preparation of financial statements. The most significant area is the recovery period for building, equipment and vehicles. Management believes that such estimates have been based on reasonable assumptions and that such estimates are adequate. Actual results could differ from those estimates.

BACKFIELD IN MOTION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

B. LAND, BUILDING, EQUIPMENT AND VEHICLES

Land, building, equipment and vehicles at December 31, 2004 and 2003 consisted of the following:

	<u>2004</u>	<u>2003</u>
Land	\$ 29,800	\$ 29,800
Building	136,470	136,470
Office equipment and computers	35,671	12,985
Vehicles	<u>-</u>	<u>3,500</u>
	201,941	182,755
Less accumulated depreciation	<u>(10,455)</u>	<u>(8,196)</u>
Land, building, equipment and vehicles, net	<u>\$ 191,486</u>	<u>\$ 174,559</u>

C. NOTES PAYABLE

During 2003, Backfield in Motion, Inc. entered into a note payable for the purchase of land and a building. Payments of \$1,096, including interest at 5.75%, are due monthly through May 2008 at which time all outstanding interest and principal is due. The note is collateralized by a deed of trust on property with a book value of approximately \$160,000.

Maturities of the note payable is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2005	\$ 6,255
2006	6,625
2007	7,016
2008	<u>103,583</u>
	<u>\$123,479</u>

D. RELATED PARTIES

The Organization received contributions of \$1,295,000 and \$876,230 from the President of the Organization during 2004 and 2003, respectively. These contributions were included in the Statement of Activities for the year ended December 31, 2004 and 2003.

BACKFIELD IN MOTION, INC.
NOTES TO FINANCIAL STATEMENTS
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E. LEASES

The Organization leases a copier. Rent expense under the operating lease for the years ended December 31, 2004 and 2003 was \$3,095 and \$2,300, respectively. A summary of future minimum rental payments required under the lease follows:

	<u>Amount</u>
2005	<u>\$ 676</u>

F. ADVERTISING COSTS

The Organization expenses the cost of advertising when incurred, which totaled \$31,362 and \$48,032 for the years ended December 31, 2004 and 2003, respectively, and are included in marketing and development expenses in the statement of activities.