

**BACKFIELD IN MOTION, INC.**  
**Financial Statements**  
**December 31, 2007 and 2006**

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### INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Backfield In Motion, Inc.  
Nashville, Tennessee 37206

We have audited the accompanying statement of financial position of Backfield In Motion, Inc. (a nonprofit organization) as of December 31, 2007, 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 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 basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Backfield In Motion, Inc. as of December 31, 2007, 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.

*Wilson & Wilson PC*  
Bellevue, Tennessee 37221  
June 23, 2008



**BACKFIELD IN MOTION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2007 and 2008**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 2,350	\$ 1,061
Contributions receivable	0	11,775
Prepaid insurance	3,855	7,673
<b>Total current assets</b>	<u>6,205</u>	<u>20,509</u>
<b>Property and Equipment</b>		
Land	\$ 29,800	29,800
Office building	136,470	136,470
Office equipment and computers	49,714	49,714
Vehicles	76,145	39,729
<b>Total Fixed Assets (at cost)</b>	<u>292,129</u>	<u>255,713</u>
Accumulated depreciation	<u>(70,664)</u>	<u>(51,553)</u>
<b>Total Fixed Assets-Net of depreciation</b>	<u>221,465</u>	<u>204,160</u>
<b>TOTAL ASSETS</b>	<u>\$ 227,670</u>	<u>\$ 224,669</u>
<b>LIABILITIES and NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 23,103	\$ 17,715
Accrued payroll payable	5,200	
Current portion of note payable	12,000	21,061
Current portion of capital lease payable	0	2,514
<b>Total Current Liabilities</b>	<u>\$ 40,303</u>	<u>41,290</u>
<b>Long-term liabilities</b>		
Notes payable	\$ 133,000	110,997
Capital lease obligation	0	2,327
Less: amount due in one year	<u>(12,000)</u>	<u>(14,327)</u>
<b>Total Long-term Liabilities</b>	<u>121,000</u>	<u>98,997</u>
<b>TOTAL LIABILITIES</b>	161,303	140,287
Net Assets-unrestricted	<u>66,367</u>	<u>70,055</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 227,670</u>	<u>\$ 210,342</u>

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

**BACKFIELD IN MOTION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**for the years ended**  
**December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
<b>Public Support and Revenue</b>		
Public Support:		
Contributions	\$ 868,352	\$ 888,401
Grants	70,000	20,000
Total Public support	<u>938,352</u>	<u>908,401</u>
Revenue:		
Special events, net of direct costs of \$68,775	16,444	36,588
Total public support and revenue	<u>954,796</u>	<u>944,989</u>
<b>Expenses</b>		
Program expenses		
Education	215,180	238,319
Athletics	309,869	343,191
Other programs	11,860	13,135
Program: 1st and 10	61,957	
Program: 4th and 1	11,032	12,218
Total program expenses	<u>609,898</u>	<u>606,863</u>
Marketing and development	80,769	89,455
Accrued payroll expense	5,200	
Depreciation expense	19,111	
Administrative	243,506	270,638
Total expenses	<u>958,484</u>	<u>966,956</u>
Change in net assets	<b>(3,688)</b>	<b>(21,967)</b>
Net assets at beginning of year	70,055	92,022
Net assets at end of year	<u>\$ 66,367</u>	<u>\$ 70,055</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, 2007 and 2006**

	2007	2006
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (3,687)	\$ (21,967)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,111	22,045
Changes in operating assets and liabilities:		
Other current assets	11,775	
Other current liabilities	(17,715)	
Contributions receivable		(11,775)
Prepaid expenses	3,818	2,401
Accounts payable	23,461	14,271
Net cash provided by operating activities	<u>36,763</u>	<u>4,975</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(36,416)	
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of notes payable	133,000	
Payments on notes payable	(132,058)	(21,162)
Payments on capital lease obligations	0	(2,702)
Net cash (used in) provided by financing activities	<u>942</u>	<u>(23,864)</u>
Net increases in cash and cash equivalents	1,289	(18,889)
Cash at the beginning of year	1,061	19,950
Cash at end of year	<u>\$ 2,350</u>	<u>\$ 1,061</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest expense during the year	<u>\$ 11,553</u>	<u>\$ 11,270</u>

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

**BACKFIELD IN MOTION, INC.**  
**Notes to Financial Statements**  
**DECEMBER 31, 2007 and 2006**

**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 primarily to provide year-round academic tutoring at Nashville area community centers and to sponsor youth athletic leagues. Services are available at no cost to children and their families. The Organization's academic 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 revenue, 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 of three months or less when purchased, to be cash and cash equivalents. At December 31, 2007 and at December 31, 2006, the Organization had no cash equivalents.

**BACKFIELD IN MOTION, INC.**  
**Notes to Financial Statements**  
**DECEMBER 31, 2007 and 2006**

**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 increased 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.

**Contributions Receivable**

Contributions receivable are recorded at their estimated value and reflect discounts for payment terms greater than one year, if applicable. Contributions receivable are considered to be conditional or unconditional promises to give. A conditional contribution is on which depends on the occurrence of some specified uncertain future event to become binding on the donor. Conditional contributions are not recorded as revenue until the condition is met, at which time they become unconditional. Unconditional contributions are recorded as revenue at the time verifiable evidence of the promise to give is received. The Organization considers contributions receivable to be fully collectible at year-end. Accordingly, no allowance for uncollectible promises to give has been recorded. All contributions receivable are due within one year of December 31, 2007. There were no conditional promises to give as of December 31, 2007.

**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.

**BACKFIELD IN MOTION, INC.**  
**Notes to Financial Statements**  
**DECEMBER 31, 2007 and 2006**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**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 accrued in the financial statements.

**NOTE 2 – NOTES PAYABLE**

	2007	2006
Note payable to 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.	- 0 -	\$108,258
Note payable to InsBank with interest at 7.25%. Payment amount is \$1,000 plus interest monthly. The maturity date is June 2008.	\$133,000	
Note payable to Ford Credit bearing interest at 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> 153,220
Less current maturities	<u>(12,000)</u> \$110,997	<u>(19,000)</u> \$134,220

**Maturities of debt are as follows:**

2007	12,000
2008	12,000
2009	12,000
2010 and after	97,000

**BACKFIELD IN MOTION, INC.**  
**Notes to Financial Statements**  
**DECEMBER 31, 2007 and 2006**

**NOTE 3 – CAPITAL LEASE OBLIGATION**

	2007	2006
The Organization leases a phone system with BSFS Equipment Leasing requiring monthly payments of \$209.54 through December 2008.	-0-	\$4,842
<b>Less amount due within one year</b>	<b>-0-</b>	<b>(2,514)</b>

**NOTE 4 – CONCENTRATION OF CREDIT RISK**

Financial instrument potentially subjecting the Organization to concentrations of credit risk consists of contributions from the Founder and President of the Organization. These contributions represented 89% and 91% of the total revenue for the years ended December 31, 2007 and 2006, respectively. A significant reduction in the level of this support, if this were to occur, could have an adverse impact on the Organization's programs and activities.

**NOTE 5 – RELATED PARTY**

The organization received contributions of \$770,000 and \$935,000 from the President of the Organization during 2007 and 2006, respectively. These contributions were included in the Statement of Activities for the year ended December 31, 2007 and 2006.