

# **BACKFIELD IN MOTION, INC.**

## **FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2009 and 2008**



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**BACKFIELD IN MOTION, INC.**  
**Financial Statements**  
**December 31, 2009 and 2008**

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## **Wilson & Wilson, P.C.**

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**Jim C. Wilson, MBA, CPA, CFE**  
**President**

**615-673-1330**

### **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, 2009 and 2008, 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 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, 2009 and 2008, 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  
April 22, 2010



**Backfield in Motion, Inc.**  
**Statement of Financial Position**  
**December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
<b>Bank Accounts</b>		
Charles Schwab - Money Market	\$ 2,899.36	
SunTrust Bank - Checking	32,300.90	\$ 27,840.37
<b>Total Bank Accounts</b>	<b>\$ 35,200.26</b>	<b>\$ 27,840.37</b>
<b>Total Current Assets</b>	<b>\$ 35,200.26</b>	<b>\$ 27,840.37</b>
<b>Property and Equipment:</b>		
Accumulated Depreciation	\$ (109,422.00)	\$ (91,826.00)
Office Building	136,470.00	136,470.00
Office Equipment & Computers	49,714.00	49,714.00
Office Land	29,800.00	29,800.00
Vehicles	76,145.27	76,145.27
<b>Total Property and Equipment (Net)</b>	<b>\$ 182,707.27</b>	<b>\$ 200,303.27</b>
<b>TOTAL ASSETS</b>	<b>\$ 217,907.53</b>	<b>\$ 228,143.64</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
<b>Accounts Payable</b>		
Accounts Payable	\$ 4,749.01	\$ (1,045.78)
<b>Total Accounts Payable</b>	<b>\$ 4,749.01</b>	<b>\$ (1,045.78)</b>
<b>Total Current Liabilities</b>	<b>\$ 4,749.01</b>	<b>\$ (1,045.78)</b>
<b>Long Term Liabilities:</b>		
InsBank Note Payable	\$ 190,000.00	\$ 121,000.00
<b>Total Long Term Liabilities</b>	<b>\$ 190,000.00</b>	<b>\$ 121,000.00</b>
<b>Total Liabilities</b>	<b>194,749.01</b>	<b>119,954.22</b>
<b>Net Assets</b>		
Cumulative Net Assets (Prior Year)	\$ 108,189.42	\$ 70,712.71
Change In Net Assets	(85,030.90)	37,476.71
<b>Net Assets - Unrestricted</b>	<b>\$ 23,158.52</b>	<b>\$ 108,189.42</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 217,907.53</b>	<b>\$ 228,143.64</b>

See accountants' audit report and notes to financial statements.

**Backfield in Motion, Inc.**  
**Condensed Statement of Activities**  
**for the years ended December 2009 and 2008**

	<b>2009</b>	<b>2008</b>	<b>\$ Change</b>	<b>% of Income</b>
<b>Revenues From All Sources</b>	<b>\$ 804,311.97</b>	<b>\$ 970,996.26</b>	<b>\$ (166,684.29)</b>	<b>100.00%</b>
<b>Operating Expenses By Category:</b>				
<b>1st &amp; 10 Program</b>	\$ 18,253.66	\$ 52,111.69	\$ (33,858.03)	2.27%
<b>4th and 1 Program</b>	21,625.11	2,063.63	19,561.48	2.69%
<b>Administrative Expenses</b>	74,244.27	62,831.91	11,412.36	9.23%
<b>Education Program</b>	30,776.68	15,322.95	15,453.73	3.83%
<b>Extra Point Academy</b>	9,880.13	6,058.13	3,822.00	1.23%
<b>Insurance Expense</b>	98,871.78	97,518.60	1,353.18	12.29%
<b>Marketing &amp; Development</b>	8,541.78	18,253.54	(9,711.76)	1.06%
<b>Payroll Costs</b>	585,706.84	625,575.72	(39,868.88)	72.82%
<b>Staff Costs</b>	1,788.44	1,294.18	494.26	0.22%
<b>Transportation</b>	18,906.43	30,102.20	(11,195.77)	2.35%
<b>Total Expenses</b>	<b>\$ 868,595.12</b>	<b>\$ 911,132.55</b>	<b>\$ (42,537.43)</b>	<b>107.99%</b>
<b>Net Revenues Minus Expenses</b>	<b>(64,283.15)</b>	<b>59,863.71</b>	<b>(124,146.86)</b>	<b>-7.99%</b>
<b>Net Other Expenses</b>	<b>(20,747.75)</b>	<b>(22,387.00)</b>	<b>1,639.25</b>	<b>-2.58%</b>
<b>Net Of All Activities</b>	<b>\$ (85,030.90)</b>	<b>\$ 37,476.71</b>	<b>\$ (122,507.61)</b>	<b>-10.57%</b>

See accountants' audit report and notes to financial statements.

**Backfield In Motion, Inc.**  
**Statement of Cash Flows**  
**for the years ended December 31, 2009 and 2008**

	<u><b>2009</b></u>	<u><b>2008</b></u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ (85,031)	\$ 40,640
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,596	21,163
Changes in operating assets and liabilities:		
Other current assets	0	(2,500)
Other current liabilities	0	(11,000)
Prepaid expenses	0	(3,839)
Accounts payable	5,931	(19,110)
Net cash provided by operating activities	<u>(61,504)</u>	<u>25,354</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	0	0
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of notes payable	80,000	0
Payments on notes payable	(11,000)	0
Net cash (used in) provided by financing activities	<u>69,000</u>	<u>0</u>
Net increases in cash and cash equivalents	7,496	25,354
Cash at the beginning of year	27,704	2,350
Cash at end of year	<u>\$ 35,200</u>	<u>\$ 27,704</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest expense during the year	<u>\$ 4,303</u>	<u>\$ 6,320</u>

**See accountants' audit report and notes to financial statements.**

**BACKFIELD IN MOTION, INC.**  
**Notes to Financial Statements**  
**DECEMBER 31, 2009 and 2008**

**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, 2009 and at December 31, 2008, the Organization had no cash equivalents.

**BACKFIELD IN MOTION, INC.**  
**Notes to Financial Statements**  
**DECEMBER 31, 2009 and 2008**

**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, 2009. There were no conditional promises to give as of December 31, 2009.

**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, 2009 and 2008**

**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**

	<b><u>2009</u></b>	<b><u>2008</u></b>
Note payable to InsBank with interest at 7.25%. Payment amount is \$1,000 plus interest monthly.		
	<b>\$121,000</b>	<b>133,000</b>
Increase in Note Payable	<b>80,000</b>	
Less current maturities	<b><u>(11,000)</u></b>	<b><u>(12,000)</u></b>
	<b><u>\$190,000</u></b>	<b><u>\$121,000</u></b>

**Maturities of debt are as follows:**

<b>2010</b>	<b>12,000</b>
<b>2011</b>	<b>12,000</b>
<b>2012</b>	<b>12,000</b>
<b>2013</b>	<b>12,000</b>
<b>2014 and after</b>	<b>142,000</b>

**BACKFIELD IN MOTION, INC.**  
**Notes to Financial Statements**  
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**NOTE 3 – 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 43% and 80% of the total revenue for the years ended December 31, 2009 and 2008, 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 4 – RELATED PARTY**

The organization received contributions of \$330,000 and \$774,000 from the President of the Organization during 2009 and 2008, respectively. These contributions were included in the Statement of Activities for the year ended December 31, 2009 and 2008.

**NOTE 5 – SECTION 509(a)(2) CLASSIFICATION REQUEST**

Backfield in Motion, Inc. has provided notification to the Internal Revenue Service of its election to terminate its status as a private foundation pursuant to IRC Section 507(b)(1)(B) and be classified as a public charity under IRS Section 509(a)(2). The tax year of Backfield in Motion, Inc. begins on January 1, and the 60-month period for compliance with IRC Section 509(a)(2) required under IRC Section 507(b)(1)(B)(i) will begin on January 1, 2009.

**NOTE 6 – GRANT FUNDS PROVIDED BY FEDERAL SOURCES  
ADMINISTERED BY THE STATE OF TENNESSEE**

On August 1, 2008, Backfield in Motion, Inc. the Department of Education approved a contract to provide funds for 2009, 2010, 2011 in the amount of \$147,000 each year. The contract provided under the service description, 21<sup>st</sup> Century Community Learning Centers, began on August 1, 2008 and will continue through June 30, 2011.

**NOTE 7 – GOING CONCERN AND CONTINUING BUSINESS**

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in **Note (5)** to the financial statements, the Organization has requested, from the Internal Revenue Service, a change in status from a Private Foundation to a Public Entity. Such change in status will allow the Organization to obtain grants from government agencies, private foundations, and individual supporters in addition to the funds provided by the Davis Family Trust. Backfield In Motion, Inc. expects development activities to continue to expand, and continue to seek additional funding sources.

**BACKFIELD IN MOTION, INC.**  
**Notes to Financial Statements**  
**DECEMBER 31, 2009 and 2008**

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The Organization has suffered a substantial loss in the current year. However; net assets remain positive. Predominant economic pressures create a dubious market place for fund generation. These conditions raise some doubt about the Organization's ability to continue as a going concern. Management's plans in regard to these matters are to expand its funding base to companies and individuals who are dedicated to assisting the male youth of east Nashville.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.