

**METROPOLITAN EDUCATIONAL ACCESS CORPORATION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2004**

**METROPOLITAN EDUCATIONAL ACCESS CORPORATION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED JUNE 30, 2004**

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5 – 7

BLANKENSHIP CPA GROUP, PLLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Metropolitan Educational Access Corporation

We have audited the accompanying statement of financial position of Metropolitan Educational Access Corporation as of June 30, 2004, 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 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 Metropolitan Educational Access Corporation as of June 30, 2004, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

November 18, 2004

METROPOLITAN EDUCATIONAL ACCESS CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2004

ASSETS

2004

Current assets:

Cash

\$ 14,231

Accounts receivable

42,209

Total current assets

56,440

Equipment, at cost, less accumulated depreciation
of \$3,348 (note 2)

40,861

Total assets

\$ 97,301

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable

\$ 42,083

Accrued expenses

1,224

Total current liabilities

43,307

Net assets:

Unrestricted

53,994

Total net assets

53,994

Total liabilities and net assets

\$ 97,301

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

METROPOLITAN EDUCATIONAL ACCESS CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004

	2004
Revenue and other support:	
Donations	\$ 3,840
Grants (note 3)	129,997
Program revenue	<u>13,364</u>
Total revenues and other support	<u>147,201</u>
Expenses:	
Playback	43,000
Salaries	26,315
Contract labor	5,745
Depreciation	3,348
NCLB	2,618
Payroll taxes	2,503
Equipment- maintenance and rental	2,426
Utilities	1,168
Office	1,140
Telephone	914
Insurance-vehicles	805
Travel	789
Accounting	760
Supplies	401
Freight	321
Auto and truck	202
Internet safety	175
Production fees	168
Entertainment	120
Miscellaneous	93
Professional fees	90
Printing	56
Licenses and fees	<u>50</u>
Total expenses	<u>93,207</u>
Increase in net assets	53,994
Net assets, beginning of year	<u>-</u>
Net assets, end of year	<u><u>\$ 53,994</u></u>

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

METROPOLITAN EDUCATIONAL ACCESS CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2004

	2004
Cash flows from operating activities:	
Increase in net assets	\$ 53,994
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	3,348
Increase in accounts receivable	(42,209)
Decrease in deferred revenue	(9,444)
Increase in accounts payable	42,083
Increase in accrued expenses	<u>1,224</u>
Net cash provided by operating activities	<u>48,996</u>
Cash flows from investing activities:	
Equipment purchase	<u>(44,209)</u>
Net cash used in investing activities	<u>(44,209)</u>
Net increase in cash	4,787
Cash at beginning of year	<u>9,444</u>
Cash at end of year	<u><u>\$ 14,231</u></u>

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

METROPOLITAN EDUCATIONAL ACCESS CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Metropolitan Educational Access Corporation's (MEAC) purpose is 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.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, net assets of MEAC and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization 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. The MEAC has no temporarily restricted net assets as of June 30, 2004.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. The MEAC has no permanently restricted net assets as of June 30, 2004.

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.

METROPOLITAN EDUCATIONAL ACCESS CORPORATION
NOTES TO FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash

For purposes of the statement of cash flows, cash includes all cash accounts held by MEAC as of June 30, 2004.

Deferred Revenue

Metropolitan Educational Access Corporation records grant/contract revenue as deferred revenue until it is expended for the purpose of the grant/contract, at which time it is recognized as revenue.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Income Taxes

The MEAC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax has been made.

Concentrations of Credit Risk

MEAC maintains a checking account at one bank. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at this bank does not exceed FDIC's limits as of June 30, 2004.

Line of Credit

As of June 30, 2004 MEAC has a \$30,000 line of credit with AmSouth Bank 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, 2004, no amount has been drawn down.

METROPOLITAN EDUCATIONAL ACCESS CORPORATION
NOTES TO FINANCIAL STATEMENTS, CONTINUED
YEAR ENDED JUNE 30, 2004

NOTE 2 - EQUIPMENT

Equipment is recorded at cost. Depreciation of equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Depreciation expense is \$3,348 for the year ended June 30, 2004. Equipment at June 30, 2004, is as follows:

	2004
Automobiles	\$ 1,405
Equipment	<u>42,804</u>
	44,209
Less: accumulated depreciation	<u>3,348</u>
Total	\$ <u>40,861</u>

NOTE 3 - COMMITMENTS AND CONTINGENCIES

The center receives a substantial amount of its support and revenues from government agencies. A significant reduction in the level of this support, if this were to occur, may have an affect on MEAC's programs and activities. In addition, the funding received by MEAC from government agencies is subject to audit and retroactive adjustment.