

**ROCKETOWN OF MIDDLE TENNESSEE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2009 AND 2008**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Rocketown of Middle Tennessee

We have audited the accompanying statements of financial position of Rocketown of Middle Tennessee (a Tennessee not-for-profit corporation, the "Organization") as of June 30, 2009 and 2008 and the related statements of activities, functional expenses 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 Rocketown of Middle Tennessee as of June 30, 2009 and 2008, 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.

Blankenship CPA Group, PLLC

September 17, 2009

**ROCKETOWN OF MIDDLE TENNESSEE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008**

ASSETS

	2009	2008
Cash and cash equivalents	\$ 179,610	\$ 57,694
Accounts receivable	5,179	7,822
Contributions receivable, net	111,457	203,473
Interest in net assets	5,011	-
Inventories	32,995	32,795
Prepaid expenses	-	662
Property and equipment, net	<u>3,356,223</u>	<u>3,476,085</u>
 Total assets	 <u><u>\$ 3,690,475</u></u>	 <u><u>\$ 3,778,531</u></u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 45,685	\$ 26,030
Accrued property taxes	-	17,445
Accrued expenses	<u>38,117</u>	<u>37,315</u>
 Total liabilities	 <u>83,802</u>	 <u>80,790</u>
 Commitments and contingencies		
Net assets:		
Unrestricted:		
Designated for property and equipment	3,356,223	3,476,085
Undesignated	<u>128,465</u>	<u>476</u>
 Total unrestricted	 3,484,688	 3,476,561
 Temporarily restricted	 <u>121,985</u>	 <u>221,180</u>
 Total net assets	 <u>3,606,673</u>	 <u>3,697,741</u>
 Total liabilities and net assets	 <u><u>\$ 3,690,475</u></u>	 <u><u>\$ 3,778,531</u></u>

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

**ROCKETOWN OF MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

	Unrestricted	Temporarily Restricted	Total
Operating revenues:			
Membership dues, cover charges, session fees, lessons	\$ 285,888	\$ -	\$ 285,888
Product revenue	344,957	-	344,957
Facility rentals	144,293	-	144,293
Other	21,269	-	21,269
Total operating revenues	<u>796,407</u>	<u>-</u>	<u>796,407</u>
Public support and other revenues:			
Contributions	108,463	17,550	126,013
Foundation contributions and grants	158,208	-	158,208
Special events	232,017	-	232,017
Sponsorships	21,800	-	21,800
Contributed goods and services	3,270	-	3,270
Net assets released in satisfaction of program restrictions	116,745	(116,745)	-
Total public support and other revenues	<u>640,503</u>	<u>(99,195)</u>	<u>541,308</u>
Total revenues	<u>1,436,910</u>	<u>(99,195)</u>	<u>1,337,715</u>
Expenses:			
Program services	1,144,084	-	1,144,084
Supporting services:			
Management and general	137,025	-	137,025
Fundraising	147,674	-	147,674
Total expenses	<u>1,428,783</u>	<u>-</u>	<u>1,428,783</u>
Changes in net assets	8,127	(99,195)	(91,068)
Net assets, beginning of year	<u>3,476,561</u>	<u>221,180</u>	<u>3,697,741</u>
Net assets, end of year	<u>\$ 3,484,688</u>	<u>\$ 121,985</u>	<u>\$ 3,606,673</u>

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

ROCKETOWN OF MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	Unrestricted	Temporarily Restricted	Total
Operating revenues:			
Membership dues, cover charges, session fees, lessons	\$ 276,800	\$ -	\$ 276,800
Product revenue	354,198	-	354,198
Facility rentals	139,557	-	139,557
Property tax forgiveness	69,215	-	69,215
Other	23,111	-	23,111
	<hr/>	<hr/>	<hr/>
Total operating revenues	862,881	-	862,881
	<hr/>	<hr/>	<hr/>
Public support and other revenues:			
Contributions	235,618	29,028	264,646
Foundation contributions and grants	91,039	144,445	235,484
Special events	129,680	-	129,680
Sponsorships	20,250	30,000	50,250
Net assets released in satisfaction of program restrictions	49,096	(49,096)	-
	<hr/>	<hr/>	<hr/>
Total public support and other revenues	525,683	154,377	680,060
	<hr/>	<hr/>	<hr/>
Total revenues	1,388,564	154,377	1,542,941
	<hr/>	<hr/>	<hr/>
Expenses:			
Program services	1,147,190	-	1,147,190
Supporting services:			
Management and general	120,870	-	120,870
Fundraising	136,436	-	136,436
	<hr/>	<hr/>	<hr/>
Total expenses	1,404,496	-	1,404,496
	<hr/>	<hr/>	<hr/>
Changes in net assets	(15,932)	154,377	138,445
	<hr/>	<hr/>	<hr/>
Net assets, beginning of year	3,492,493	66,803	3,559,296
	<hr/>	<hr/>	<hr/>
Net assets, end of year	<u>\$ 3,476,561</u>	<u>\$ 221,180</u>	<u>\$ 3,697,741</u>

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

**ROCKETOWN OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2009**

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and wages	\$ 407,238	\$ 24,580	\$ 65,381	\$ 497,199
Payroll taxes	32,743	6,092	3,422	42,257
Employee benefits	35,488	4,911	8,236	48,635
Total payroll and related expenses	475,469	35,583	77,039	588,091
Direct costs of operating revenues:				
Skatepark merchandise	134,080	-	-	134,080
Café merchandise	53,762	-	-	53,762
Entertainment	577	-	-	577
Automobile	4,318	70	143	4,531
Bank fees	-	6,059	15	6,074
Bad debt expense (recoveries)	-	-	(822)	(822)
Cash (over) and short	-	(383)	-	(383)
Computer software/hardware	160	4,234	-	4,394
Design, photography and printing	3,270	-	-	3,270
Dues and subscriptions	1,533	1,383	662	3,578
Food and entertainment	13,171	2,140	3,431	18,742
Gifts	1,711	998	1,007	3,716
Giveaways/incentives	4,294	130	148	4,572
Insurance	39,076	4,341	-	43,417
Legal and professional	1,072	30,813	7,312	39,197
Marketing and advertising	6,173	98	4,403	10,674
Miscellaneous	1,076	2,292	-	3,368
Office supplies	1,568	4,206	225	5,999
Postage and freight	283	1,438	1,081	2,802
Purchased services - other	45,429	11,416	20,048	76,893
Purchased services - personnel	56,711	260	1,373	58,344
Rent	19,159	4,569	1,355	25,083
Repairs and maintenance	34,036	630	-	34,666
Special events	-	-	20,521	20,521
Supplies	31,720	1,663	234	33,617
Taxes and licenses	19,088	3,416	300	22,804
Telephone	4,015	12,451	509	16,975
Travel	6,316	997	361	7,674
Tuition and training	15	1,888	1,996	3,899
Utilities	70,077	1,970	1,970	74,017
Total functional expenses before depreciation	1,028,159	132,662	143,311	1,304,132
Depreciation of property and equipment	115,925	4,363	4,363	124,651
Total functional expenses	\$ 1,144,084	\$ 137,025	\$ 147,674	\$ 1,428,783

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

**ROCKETOWN OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2008**

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and wages	\$ 346,348	\$ 23,767	\$ 71,221	\$ 441,336
Payroll taxes	26,488	5,650	4,071	36,209
Employee benefits	20,599	3,418	7,191	31,208
Total payroll and related expenses	393,435	32,835	82,483	508,753
Direct costs of operating revenues:				
Skatepark merchandise	166,896	-	-	166,896
Café merchandise	55,120	-	-	55,120
Entertainment	6,224	-	-	6,224
Automobile	2,995	15	793	3,803
Bank fees	-	6,202	-	6,202
Bad debt expense	-	5,772	-	5,772
Board expense	-	(50)	(71)	(121)
Cash (over) and short	-	61	-	61
Computer software/hardware	1,838	1,024	397	3,259
Design, photography and printing	2,454	2,018	2,536	7,008
Dues and subscriptions	695	1,175	643	2,513
Food and entertainment	13,716	2,484	940	17,140
Gifts	1,828	1,442	712	3,982
Giveaways/Incentives	2,525	-	-	2,525
Insurance	48,501	1,751	-	50,252
Interest	-	2,725	-	2,725
Janitorial	4,661	-	-	4,661
Legal and professional	-	13,870	95	13,965
Marketing and advertising	14,081	282	3,275	17,638
Miscellaneous	8,125	1,623	28	9,776
Office supplies	385	4,038	689	5,112
Outreach	1,078	-	-	1,078
Postage and freight	62	2,031	619	2,712
Purchased services - other	33,496	11,905	297	45,698
Purchased services - personnel	75,971	1,553	4,264	81,788
Rent	35,935	4,269	400	40,604
Repairs and maintenance	40,085	1,270	-	41,355
Special events	137	-	22,818	22,955
Supplies	16,388	789	643	17,820
Taxes and licenses	17,664	-	-	17,664
Telephone	3,575	12,654	1,129	17,358
Travel	7,173	509	48	7,730
Tuition and training	50	1,470	-	1,520
Utilities	63,344	2,308	8,853	74,505
Total functional expenses before depreciation	1,018,437	116,025	131,591	1,266,053
Depreciation of property and equipment	128,753	4,845	4,845	138,443
Total functional expenses	\$ 1,147,190	\$ 120,870	\$ 136,436	\$ 1,404,496

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

ROCKETOWN OF MIDDLE TENNESSEE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Cash flows from operating activities:		
Changes in net assets	\$ (91,068)	\$ 138,445
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	124,651	138,443
(Increase) decrease in:		
Accounts receivable	2,643	(4,300)
Contributions receivable, net	92,016	(136,670)
Interest in net assets	(5,011)	-
Inventories	(200)	4,839
Prepaid expenses	662	496
Increase (decrease) in:		
Accounts payable	19,655	(7,710)
Accrued expenses	(16,643)	(59,798)
Total adjustments	217,773	(64,700)
Net cash provided by operating activities	126,705	73,745
Cash flows from investing activities:		
Purchase of property and equipment	(4,789)	(12,667)
Cash flows from financing activities:		
Net decrease in line of credit	-	(25,000)
Net increase in cash and cash equivalents	121,916	36,078
Cash and cash equivalents, beginning of year	57,694	21,616
Cash and cash equivalents, end of year	\$ 179,610	\$ 57,694
Other cash flow disclosures:		
Cash paid during the year for interest	\$ -	\$ 2,725

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

**ROCKETOWN OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Rocketown of Middle Tennessee (the "Organization") was founded in 1994 as a Tennessee not-for-profit corporation. The Organization's mission is to create culturally relevant environments that foster vital relationships between disenfranchised adolescents and Christian mentors in order to meet the social, spiritual and physical needs of teens.

The Organization's facilities include the Sixth Avenue Skatepark, a 13,000 square foot indoor skateboarding park; the RCKTWN Music Venue, a state-of-the-art night club and main stage; the Empyrean Coffee Bar, a full service coffee shop with an acoustic stage; and Level One, an intimate stage and lounge. In addition, the Organization trains volunteer mentors and offers a wide variety of enrichment programs ranging from graffiti art instruction to songwriting classes. During 2009, the Organization had over 115,000 visits representing every social demographic of the greater Nashville area and surrounding counties.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the June 30, 2008 financial statements presentation to correspond to the current year's format.

Cash and Cash Equivalents

Cash and cash equivalents consist principally of checking and savings account balances with financial institutions.

Property and Equipment

Land, building, equipment and furniture purchases in excess of \$1,000 are capitalized and stated at acquisition cost or at estimated fair value at the time of the gift, if donated. Depreciation of property and equipment, other than land, is calculated by the straight-line method over estimated useful lives ranging from three to ten years for equipment and furniture and five to forty years for building and improvements. The Organization had fully depreciated assets with an original cost of approximately \$197,800 and \$191,700 as of June 30, 2009 and 2008, respectively.

**ROCKETOWN OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories consist principally of coffee bar supplies and skatepark store products and are reported at lower of cost (first-in, first-out method) or market.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the statements of activities as net assets released in satisfaction of program restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows (unless immaterial). Conditional promises to give are not included as support until such time as the conditions are substantially met.

The Organization maintains an allowance for doubtful accounts for contributions receivable based upon management's evaluation of historical collection experience and other relevant factors.

Promises to give in the future are recognized as temporarily restricted net assets and revenues in the period promised if the promise is unconditional or the possibility that a condition will not be met is remote.

Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Advertising

All advertising costs are expensed when incurred. There were no direct response advertising costs incurred in 2009 and 2008.

**ROCKETOWN OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program services – includes the direct cost of operating the Organization's indoor skate park, music venue, and coffee bar. Additionally, program services include numerous enrichment programs offered to teenagers visiting the facility, including skateboarding lessons, songwriting, video editing, graffiti art, and dance.

Management and general – includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Applicable costs include those associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, budgeting, and related purposes.

Fundraising – includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

Donated Goods and Services

Donated facilities and materials are recorded as contributions in the period received at their estimated fair value, if there is an objective and measurable basis for determining such value. The Organization recognized \$3,270 as program expenses related to contributed materials.

Donated services are recognized if they create or enhance nonfinancial assets or the donated service requires specialized skills, was performed by a donor who possess such skills, and would have been purchased by the Organization, if not donated. Such services are recognized at fair value as support and expense in the period the services were performed.

A number of unpaid volunteers have made significant contributions of their time to assist the Organization in implementing various programs and exhibits. The value of contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

**ROCKETOWN OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable are unconditional promises to give and are summarized as follows:

	2009	2008
Receivable in less than one year	\$ 95,207	\$ 99,307
Receivable in one to five years	21,200	109,938
	<u>116,407</u>	<u>209,245</u>
Allowance for doubtful accounts	(4,950)	(5,772)
	<u>\$ 111,457</u>	<u>\$ 203,473</u>

Contributions receivable include outstanding contributions from board members of \$29,000 and \$20,000 at June 30, 2009 and 2008, respectively. These amounts are receivable in less than one year.

In addition, the Organization received a conditional promise to give from an organization of \$20,000. These funds are contingent upon the proper submission of reimbursement requests by the Organization for qualifying expenditures under the terms of the grant. As of June 30, 2009, the Organization had not received any funds related to this grant.

NOTE 4 - INTEREST IN NET ASSETS

Amounts reported in the statements of financial position as interest in net assets represent the cumulative transfers by the Organization to the Firm Foundation of Middle Tennessee (the "Foundation") which is a component fund of the National Christian Charitable Foundation, Inc., as well as earnings thereon. These amounts totaled \$5,011 at June 30, 2009. The Foundation holds and invests the funds on behalf of the Organization. The Foundation has variance power over the funds if the Organization fails to comply with the requirements for distribution. The funds are distributable upon request by the Organization and approval of the Foundation. Distributions will be approved if the Organization continues to operate as a 501(c)(3) and a religious Organization. Management does not expect the Organization to fail to comply with the requirements for distribution. Several members of the Organization's board of directors are also members of or related to members of the board of directors for the Foundation.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2009	2008
Land	\$ 1,050,000	\$ 1,050,000
Building and improvements	2,599,667	2,599,667
Machinery and equipment	634,907	630,117
Furniture and fixtures	40,909	40,909
	<u>4,325,483</u>	<u>4,320,693</u>
Less accumulated depreciation	(969,260)	(844,608)
	<u>\$ 3,356,223</u>	<u>\$ 3,476,085</u>

**ROCKETOWN OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 6 - LINE OF CREDIT

The Organization has an unsecured revolving line of credit with a bank. The lender may, in its sole discretion, make advances to the Organization up to an aggregate amount of \$250,000. Interest, at a variable rate of prime plus 1.25% (4.50% at June 30, 2009), is payable monthly. Principal is payable upon demand.

NOTE 7 - PROPERTY TAXES

During 2004, Rocketown's application for exemption from property tax for the year beginning January 1, 2004, was denied. The Organization appealed the decision and received a ruling of 85% exempt status during the year ended June 30, 2008. Accordingly, property tax has been recorded as an accrued expense on the accompanying statements of financial position. The resulting reduction of property tax expense from no exemption to an 85% exemption has been recognized in the statement of activities as property tax forgiveness revenue in the year ended June 30, 2008.

NOTE 8 - RESTRICTIONS ON NET ASSETS

The temporary restrictions on net assets are as follows:

	2009	2008
Grants and contributions receivable – time restriction	\$ 111,457	\$ 203,473
Counseling services	<u>10,528</u>	<u>17,707</u>
	<u>\$ 121,985</u>	<u>\$ 221,180</u>

There were no permanently restricted net assets as of June 30, 2009 or 2008.

NOTE 9 - EMPLOYEE BENEFIT PLAN

The Organization sponsors a qualified defined contribution plan under Section 401(k) of the Internal Revenue Code in which substantially all employees of the Organization qualify after they have completed one year of service. The plan allows participants to contribute a percentage of their gross pay up to the amount allowable by the Internal Revenue Code. The Organization recognized \$10,901 and \$3,087 as expense under this plan during the years ended June 30, 2009 and 2008, respectively. These amounts were included in the statements of functional expense as employee benefits.

NOTE 10 - CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash on deposit with several financial institutions. The Organization maintains balances which, at times, may exceed federally insured limits. In management's opinion, the financial institutions have strong credit ratings and exposure to such concentrations is not considered significant.

**ROCKETOWN OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2009 AND 2008**

NOTE 10 - CONCENTRATIONS (CONTINUED)

Contributions from one of the Organization's board members amounted to approximately 24% and 26% of total contributions in 2009 and 2008, respectively. Two other individuals made contributions which comprised approximately 24% of the Organization's total contributions. The Organization was awarded four grants which made up approximately 73% of total foundation contributions and grants revenue in 2009. Contributions from a single donor represented approximately 22% of total special events revenue in 2009. The Organization received approximately 97% of total sponsorship revenue from four sponsors. Two organizations and one individual made contributions which comprised approximately 64% of the Organization's total contributions. The Organization was awarded three grants which made up approximately 76% of total foundation contributions and grants revenue in 2008. Contributions from one of the Organization's board members amounted to approximately 19% of total special events revenue in 2008. The Organization received approximately 70% of total sponsorship revenue from a single sponsor.

NOTE 11 - QUESTIONED COSTS

Questioned costs are those amounts charged to a funded program that may not be in compliance with requirements set forth in contracts, statutes, and regulations governing allowability or eligibility. A questioned cost may not be reimbursed by the grantor agency or the grantor agency may require that the funds already expended be refunded to the agency. These amounts can be "questioned" by the agency for the specific grant to which they apply. The determination as to whether such costs will be allowed or disallowed under the grants will be made by the individual grantor agency at a later date. No liability was required as June 30, 2009 and 2008 for the repayment of questioned costs as no grantor agency has made a determination of the appropriateness of any questioned costs. Management deems the possibility of a refund request to be remote, as they believe that the Organization has accommodated their objective to the provisions of their grants.

NOTE 12 - CONTINGENCY

During 2008, the metropolitan government of Nashville and Davidson County ("Metro") informed the Organization that they would be moving the road adjacent to the Organization's facility which will result in the demolition of a portion of the facility. Metro has offered the Organization \$4,200,000 for the building. The Organization has contested the Metro's offer. Metro has not informed the Organization when they will be required to vacate the building. The Organization is in the process of locating a suitable replacement facility.