

**METROPOLITAN EDUCATIONAL ACCESS CORPORATION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2007 AND 2006**

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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 statements of financial position of Metropolitan Educational Access Corporation as of June 30, 2007 and 2006, 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 Metropolitan Educational Access Corporation as of June 30, 2007 and 2006, and the changes in 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 26, 2007

METROPOLITAN EDUCATIONAL ACCESS CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2007 AND 2006

ASSETS

	2007	2006
Current assets:		
Cash	\$ 3,463	\$ 33,651
Grants and other receivables (note 2)	<u>18,024</u>	<u>129</u>
Total current assets	21,487	33,780
Equipment, at cost, less accumulated depreciation of \$29,429 and \$22,243 in 2007 and 2006, respectively (note 3)	<u>17,397</u>	<u>24,583</u>
Total assets	<u><u>\$ 38,884</u></u>	<u><u>\$ 58,363</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accrued expenses	\$ 3,189	\$ 2,000
Other liabilities	-	3,492
Line of credit (note 4)	17,530	14,641
Deferred revenue	<u>-</u>	<u>10,000</u>
Total current liabilities	20,719	30,133
Net assets:		
Unrestricted	<u>18,165</u>	<u>28,230</u>
Total liabilities and net assets	<u><u>\$ 38,884</u></u>	<u><u>\$ 58,363</u></u>

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

METROPOLITAN EDUCATIONAL ACCESS CORPORATION
 STATEMENTS OF ACTIVITIES
 YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
Revenue and other support:		
Program revenue	\$ 64,757	\$ 39,001
Grants (note 5)	62,500	57,500
Donations	<u>30,000</u>	<u>1,200</u>
Total revenue and other support	<u>157,257</u>	<u>97,701</u>
Expenses:		
Salaries	55,659	53,154
Production fees	38,841	11,751
Contract labor	20,742	17,667
Travel	7,978	1,060
Depreciation	7,186	10,803
Accounting	5,788	2,478
Supplies	4,884	3,516
Payroll taxes	4,189	4,158
Telephone	3,430	1,919
Miscellaneous	3,366	999
Equipment- maintenance and rental	2,556	1,365
Auto and truck	2,398	2,733
Storage	2,375	1,055
Office	2,287	1,898
Insurance	1,631	1,602
Bank and finance charges	1,338	833
Entertainment	1,224	1,031
Licenses and fees	515	682
Training	250	-
Advertising and promotion	240	-
Dues and subscriptions	200	-
Postage	141	467
Printing	104	57
Commissions	-	3,781
Utilities	-	300
Internet safety	<u>-</u>	<u>295</u>
Total expenses	<u>167,322</u>	<u>123,604</u>
Decrease in net assets	(10,065)	(25,903)
Net assets, beginning of year	<u>28,230</u>	<u>54,133</u>
Net assets, end of year	<u>\$ 18,165</u>	<u>\$ 28,230</u>

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

METROPOLITAN EDUCATIONAL ACCESS CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
Cash flows from operating activities:		
Decrease in net assets	\$ (10,065)	\$ (25,903)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities:		
Depreciation	7,186	10,803
(Increase) decrease in grants and other receivables	(17,895)	18,436
Increase (decrease) in other liabilities	(3,492)	3,492
Increase in accrued expenses	1,189	1,231
Increase (decrease) in deferred revenue	<u>(10,000)</u>	<u>10,000</u>
Net cash provided (used) by operating activities	<u>(33,077)</u>	<u>18,059</u>
Cash flows from investing activities:		
Equipment purchase	<u>-</u>	<u>(808)</u>
Net cash used in investing activities	<u>-</u>	<u>(808)</u>
Cash flows from financing activities:		
Proceeds from line of credit	6,000	17,000
Payments on line of credit	<u>(3,111)</u>	<u>(2,359)</u>
Net cash provided by financing activities	<u>2,889</u>	<u>14,641</u>
Net increase (decrease) in cash	(30,188)	31,892
Cash, beginning of year	<u>33,651</u>	<u>1,759</u>
Cash, end of year	<u>\$ 3,463</u>	<u>\$ 33,651</u>

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

METROPOLITAN EDUCATIONAL ACCESS CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2007 AND 2006

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 statements of activities as net assets released from restrictions. The MEAC had no temporarily restricted net assets as of June 30, 2007 and 2006.

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 had no permanently restricted net assets as of June 30, 2007 and 2006.

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)
 YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

For purposes of the statements of cash flows, cash includes all cash accounts held by MEAC as of June 30, 2007 and 2006.

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 did not exceed FDIC's limits as of June 30, 2007 and 2006.

NOTE 2 - GRANTS AND OTHER RECEIVABLES

As of June 30, 2007 and 2006, grants and other receivables consisted of:

	2007	2006
Metropolitan Government of Nashville and Davidson County	\$ 17,895	\$ -
Employee	<u>129</u>	<u>129</u>
Total grants and other receivables	<u>\$ 18,024</u>	<u>\$ 129</u>

METROPOLITAN EDUCATIONAL ACCESS CORPORATION
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 3 - 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.

Equipment consists of the following:

	2007	2006
Automobiles	\$ 1,405	\$ 1,405
Equipment	<u>45,421</u>	<u>45,421</u>
	46,826	46,826
Less: accumulated depreciation	<u>(29,429)</u>	<u>(22,243)</u>
Total	<u>\$ 17,397</u>	<u>\$ 24,583</u>

Depreciation expense for the years ended June 30, 2007 and 2006 amounted to \$7,186 and \$10,803, respectively.

NOTE 4 - LINE OF CREDIT

As of June 30, 2007 and 2006 MEAC had a \$30,000 line of credit with AmSouth Bank bearing interest at 11% 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, 2007 and 2006, the outstanding balance was \$17,530 and \$14,641, respectively.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

The Organization 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.