

BACKFIELD IN MOTION, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2008 and 2007

BACKFIELD IN MOTION, INC.
Financial Statements
December 31, 2008 and 2007

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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, 2008, 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, 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
March 19, 2009



Backfield in Motion, Inc.
Statement of Financial Position
December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current Assets		
Cash	\$ 27,704	\$ 2,350
Prepaid insurance	<u>0</u>	<u>3,855</u>
Total current assets	27,704	6,205
Property and Equipment		
Office building-land	29,800	29,800
Office building	136,470	136,470
Office equipment and computers	49,714	49,714
Vehicles	<u>76,145</u>	<u>76,145</u>
Total Property and Equipment (at cost)	292,129	292,129
Accumulated depreciation	<u>(91,826)</u>	<u>(70,664)</u>
Total Property and Equipment-Net of depreciation	200,303	221,465
TOTAL ASSETS	\$ <u><u>228,007</u></u>	\$ <u><u>227,670</u></u>
LIABILITIES and NET ASSETS		
Current Liabilities		
Accounts payable	\$ 0	\$ 23,103
Accrued payroll payable	0	5,200
Current portion of note payable	<u>12,000</u>	<u>12,000</u>
Total Current Liabilities	\$ 12,000	\$ <u>40,303</u>
Long-term liabilities		
Notes payable	\$ 121,000	\$ 133,000
Less: amount due in one year	<u>(12,000)</u>	<u>(12,000)</u>
Total Long-term Liabilities	\$ <u>109,000</u>	\$ <u>121,000</u>
TOTAL LIABILITIES	121,000	161,303
Net Assets-unrestricted	<u>107,007</u>	<u>66,367</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>228,007</u></u>	\$ <u><u>227,670</u></u>

See accountants' report and notes to financial statements.

Backfield in Motion, Inc.
Statement of Activities
For the years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Public Support and Revenue		
Public Support:		
Contributions	\$ 842,459	\$ 868,352
Grants	<u>20,000</u>	<u>70,000</u>
Total Public support	862,459	938,352
Revenue:		
Special events, net of direct costs of \$73,738	<u>108,537</u>	<u>16,444</u>
Total public support and revenue	\$ <u>970,996</u>	\$ <u>954,796</u>
Expenses		
Program expenses		
Education	\$ 282,529	\$ 215,180
Athletics	341,027	309,869
Other programs	6,058	11,860
Program: 1st and 10	52,112	61,957
Program: 4th and 1	<u>2,064</u>	<u>11,032</u>
Total program expenses	\$ 683,790	\$ 609,898
Marketing and development	18,254	80,769
Accrued payroll expense	0	5,200
Depreciation expense	21,163	19,111
Administrative	<u>207,149</u>	<u>243,506</u>
Total expenses	\$ <u>930,356</u>	\$ <u>958,484</u>
Change in net assets	40,640	(3,668)
Net assets at beginning of year	<u>66,367</u>	<u>70,035</u>
Net assets at end of year (unrestricted)	\$ <u>107,007</u>	\$ <u>66,367</u>

See accountants' report and notes to financial statements.

Backfield in Motion, Inc.
Statement of Cash Flows
For the years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 42,671	\$ (3,687)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,111	19,111
Changes in operating assets and liabilities:		
Other current assets	(2,500)	11,775
Other current liabilities	(11,000)	(17,715)
Prepaid expenses	(3,818)	3,818
Accounts payable	<u>(19,110)</u>	<u>23,461</u>
Net cash provided by operating activities	<u>25,354</u>	<u>36,763</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	0	(36,416)
Cash Flows From Financing Activities		
Proceeds from issuance of notes payable	0	133,000
Payments on notes payable	<u>0</u>	<u>(132,058)</u>
Net cash (used in) provided by financing activities	<u>0</u>	<u>942</u>
Net increases in cash and cash equivalents	25,354	1,289
Cash at the beginning of year	<u>2,350</u>	<u>1,061</u>
Cash at end of year	\$ <u><u>27,704</u></u>	\$ <u><u>2,350</u></u>
 Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest expense during the year	\$ <u><u>6,320</u></u>	\$ <u><u>11,553</u></u>

See accountants' report and notes to financial statements.

BACKFIELD IN MOTION, INC.
Notes to Financial Statements
DECEMBER 31, 2008 and 2007

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, 2008 and at December 31, 2007, the Organization had no cash equivalents.

BACKFIELD IN MOTION, INC.
Notes to Financial Statements
DECEMBER 31, 2008 and 2007

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, 2008. There were no conditional promises to give as of December 31, 2008.

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, 2008 and 2007

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

	2008	2007
Note payable to InsBank with interest at 7.25%. Payment amount is \$1,000 plus interest monthly.	\$121,000	133,000
Less current maturities	<u>(12,000)</u>	<u>(12,000)</u>
	<u>\$109,000</u>	<u>\$121,000</u>

Maturities of debt are as follows:

2009	12,000
2010	12,000
2011	12,000
2011	12,000
2012 and after	61,000

BACKFIELD IN MOTION, INC.
Notes to Financial Statements
DECEMBER 31, 2008 and 2007

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 80% and 89% of the total revenue for the years ended December 31, 2008 and 2007, 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 \$774,000 and \$770,000 from the President of the Organization during 2008 and 2007, respectively. These contributions were included in the Statement of Activities for the year ended December 31, 2008 and 2007.

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, 21st Century Community Learning Centers, began on August 1, 2008 and will continue through June 30, 2011.