

# **BACKFIELD IN MOTION, INC.**

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

**DECEMBER 31, 2010 and 2009**



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**BACKFIELD IN MOTION, INC.**  
**Financial Statements**  
**December 31, 2010 and 2009**

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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, 2010 and 2009, 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, 2010 and 2009, 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 22, 2011



**Backfield in Motion, Inc.**  
**Statement of Financial Condition**  
As of December 31, 2010

	2010	2009	\$ Change	% Change
<b>ASSETS</b>				
Current Assets				
Bank Accounts				
Charles Schwab - Money Market	\$5,278	\$2,899	\$2,379	82.04%
SunTrust Bank - Checking	136,612	37,301	99,311	266.24%
Total Bank Accounts	141,890	40,200	101,690	252.96%
<b>Total Current Assets</b>	141,890	40,200	101,690	252.96%
<b>Property and equipment</b>				
Accumulated Depreciation	(122,897)	(109,422)	(13,475)	-12.31%
Office Building	136,470	136,470	0	0.00%
Office Equipment & Computers	49,714	49,714	0	0.00%
Office Land	29,800	29,800	0	0.00%
Vehicles	76,145	76,145	0	0.00%
Total Property and equipment	169,232	182,707	(13,475)	-7.38%
<b>TOTAL ASSETS</b>	\$311,122	\$222,908	\$88,215	39.57%
<b>LIABILITIES AND EQUITY</b>				
Liabilities				
Current Liabilities				
Accounts Payable	\$0	\$3,806	(\$3,806)	-100.00%
Total Accounts Payable	0	3,806	(3,806)	-100.00%
Total Current Liabilities	0	3,806	(3,806)	-100.00%
Long Term Liabilities				
U.S.Bank Note Payable	180,500	190,000	(9,500)	-5.00%
<b>Total Long Term Liabilities</b>	180,500	190,000	(9,500)	-5.00%
Total Liabilities	180,500	193,806	(13,306)	-6.87%
Net Assets				
Beginning Net Assets	29,102	108,189	(79,088)	-73.10%
Net Assets Increase/(decrease)	101,521	(79,088)	180,609	228.36%
<b>Net Assets</b>	130,622	29,102	101,521	348.85%
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$311,122	\$222,908	\$88,215	39.57%

See accountants' audit report and notes to financial statements.

**Backfield in Motion, Inc.**  
**Statement of Activities**  
January - December 2010

	<b>2010</b>	<b>2009</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Revenues</b>				
Breakfast	\$34,807		\$34,807	
Contributions	730,412	\$809,312	(78,900)	-9.75%
<b>Total Revenues</b>	<b>\$765,218</b>	<b>\$809,312</b>	<b>(\$44,094)</b>	<b>-5.45%</b>
<b>Expenses</b>				
1st & 10 Program	\$30,969	\$18,254	\$12,716	69.66%
4th and 1 Program	22,095	21,625	470	2.17%
Administrative	51,415	73,900	(22,485)	-30.43%
Education Program	10,137	30,178	(20,040)	-66.41%
Extra Point Academy	7,959	9,880	(1,921)	-19.44%
Insurance	63,894	98,872	(34,978)	-35.38%
Marketing & Development	10,934	8,542	2,392	28.01%
Other Miscellaneous Service Cost	5		5	
Payroll Costs	435,186	585,707	(150,521)	-25.70%
Staff Costs	100	1,788	(1,688)	-94.41%
Transportation	17,777	18,906	(1,129)	-5.97%
<b>Total Expenses</b>	<b>\$650,472</b>	<b>\$867,652</b>	<b>(\$217,180)</b>	<b>-25.03%</b>
<b>Net Operating Income</b>	<b>\$114,747</b>	<b>(\$58,340)</b>	<b>\$173,087</b>	<b>296.69%</b>
<b>Other Income</b>				
Other Income	249	164	85	51.66%
<b>Total Other Income</b>	<b>249</b>	<b>164</b>	<b>85</b>	<b>51.66%</b>
<b>Other Expenses</b>				
Depreciation	13,475	17,596	(4,121)	-23.42%
Other BIM Programs		3,316	(3,316)	-100.00%
<b>Total Other Expenses</b>	<b>13,475</b>	<b>20,912</b>	<b>(7,437)</b>	<b>-35.56%</b>
Net Other Income	(13,226)	(20,748)	7,522	36.25%
<b>Net Income from Activities</b>	<b>\$101,521</b>	<b>(\$79,088)</b>	<b>\$180,609</b>	<b>228.36%</b>

See accountants' audit report and notes to financial statements.

**Backfield in Motion, Inc.**  
**Statement of Cash Flows**  
For the year ended December 31, 2010

**OPERATING ACTIVITIES**

Net Revenues from Activities	\$101,521
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Accounts Payable	<u>(3,806)</u>
<b>Net cash provided by operating activities</b>	<b>97,715</b>

**INVESTING ACTIVITIES**

Accumulated Depreciation	<u>13,475</u>
<b>Net cash provided by investing activities</b>	<b>13,475</b>

**FINANCING ACTIVITIES**

U.S. Bank Note Payable	<u>(9,500)</u>
<b>Net cash provided by financing activities</b>	<b><u>(9,500)</u></b>

Net cash increase for period	<u>101,690</u>
Cash at beginning of period	40,200
<b>Cash at end of period</b>	<b><u><u>\$141,890</u></u></b>

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

**BACKFIELD IN MOTION, INC.**  
**Notes to Financial Statements**  
**DECEMBER 31, 2010 and 2009**

**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, 2010 and at December 31, 2009, the Organization had no cash equivalents.

**BACKFIELD IN MOTION, INC.**  
**Notes to Financial Statements**  
**DECEMBER 31, 2010 and 2009**

**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, 2010. There were no conditional promises to give as of December 31, 2010.

**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, 2010 and 2009**

**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>2010</u></b>	<b><u>2009</u></b>
Note payable to U.S. Bank. Payment of the Note is interest only and principal paid at the discretion of Management	<b>\$190,000</b>	<b>\$121,000</b>
Increase in Note Payable		<b>80,000</b>
Less current maturities	<b>( 9,500)</b>	<b>( 11,000)</b>
	<b><u>\$ 180,500</u></b>	<b><u>\$190,000</u></b>

**BACKFIELD IN MOTION, INC.**  
**Notes to Financial Statements**  
**DECEMBER 31, 2010 and 2009**

**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 4% and 43% of the total revenue for the years ended December 31, 2010 and 2009, 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 \$30,000 and \$330,000 from the President of the Organization during 2010 and 2009, respectively. These contributions were included in the Statement of Activities for the year ended December 31, 2010 and 2009.

**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. Backfield in Motion will continue to file Form 990 PF as a private fund organization for the period 2009 through 2014 as required by the Internal Revenue Code.

**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 Joseph C. Davis Trust. Backfield In Motion, Inc. expects development activities to continue to expand, and continue to seek additional funding sources.