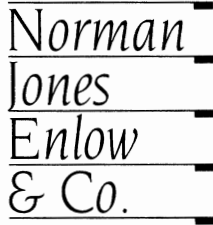


**GAME MANUFACTURERS ASSOCIATION
FINANCIAL STATEMENTS
December 31, 2004**



Certified Public Accountants
& Management Consultants

INDEPENDENT AUDITORS' REPORT


**Board of Directors
Game Manufacturers Association
280 North High Street, Suite 230
Columbus, Ohio 43215**

We have audited the accompanying statement of assets, liabilities and net assets - modified cash basis of Game Manufacturers Association (the "Association"), a non-profit Association, as of December 31, 2004, the related statement of revenues and expenses - modified cash basis, and the statement of cash flows - modified cash basis for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, and are not intended to be presented in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Game Manufacturers Association as of December 31, 2004, and its revenue collected and expenses paid and cash flows during the year then ended, on the basis described in Note 1.


Columbus, Ohio
July 15, 2005

CELEBRATING
50 YEARS AND
COUNTING

GAME MANUFACTURERS ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
December 31, 2004

CURRENT ASSETS		
Cash and cash equivalents	\$	31,061
Other receivables		2,379
Other assets		800
		<hr/>
TOTAL CURRENT ASSETS		34,240
PROPERTY, EQUIPMENT AND VEHICLES, net		<hr/> 21,578
TOTAL ASSETS	\$	55,818
		<hr/> <hr/>
NET ASSETS	\$	55,818
		<hr/> <hr/>
TOTAL NET ASSETS	\$	55,818
		<hr/> <hr/>

See notes to financial statements.

GAME MANUFACTURERS ASSOCIATION
STATEMENT OF REVENUES AND EXPENSES - MODIFIED CASH BASIS
Year Ended December 31, 2004

REVENUE	
Academy income	\$ 5,220
Membership income	54,400
GTS income	407,609
Origins income	948,668
Other income	<u>7,587</u>
TOTAL REVENUE	1,423,484
 EXPENSE	
Office expense	442,932
Origins	593,798
GTS	275,569
GAMA marketing	41,198
Officer and meetings	11,403
Academy	5,637
Division spending	3,562
Games in education	166
Insurance	4,097
Miscellaneous	<u>32,762</u>
TOTAL EXPENSE	<u>1,411,124</u>
NET INCOME	12,360
 BEGINNING NET ASSETS, RESTATED	 <u>43,458</u>
ENDING NET ASSETS	<u><u>\$ 55,818</u></u>

See notes to financial statements.

GAME MANUFACTURERS ASSOCIATION
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
Year Ended December 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 12,360
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	6,625
Loss on disposal of property	1,154
Increase (decrease) in	
Accounts receivable	(1,550)
Other receivables	(379)
Other assets	(800)
NET CASH PROVIDED BY OPERATING ACTIVITIES	17,410
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(8,600)
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,810
 CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	
	22,251
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 31,061
 SUPPLEMENTAL DISCLOSURES	
Cash paid during the year for	
Income taxes	\$ -
Interest	\$ -

See notes to financial statements.

**GAME MANUFACTURERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Association

Game Manufacturers Association (the "Association") is a not-for-profit Association incorporated in 1982, located in Columbus, Ohio, whose principal purpose is to promote the general interest of all persons engaged in the buying, selling, licensing, and manufacturing of hobby game products.

Method of Accounting

The accompanying financial statement of the Association has been prepared on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, and are not intended to be presented in conformity with accounting principles generally accepted in the United States of America. This method differentiates from the cash basis due to recording of other receivables, other assets and depreciation of capitalized assets. Under the modified cash basis, revenues are recognized when collected rather than when earned, and expenses are recognized when paid rather than when incurred. Accordingly, the financial statements do not reflect uncollected revenues earned and unpaid expenses incurred.

Cash and Cash Equivalents

For purpose of the financial statements, the Association considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation computed using the straight-line method. The assets are depreciated over their estimated useful lives, which range from 3 to 7 years. Repair and maintenance costs are charged to expenses as incurred. Gains and losses from property and equipment dispositions are recognized when the assets are sold. Depreciation expense was \$6,625 for the year ended December 31, 2004.

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Advertising

The Association has adopted a policy of expensing advertising costs as incurred. Advertising costs were expensed in the amount of \$74,605 during the year ended December 31, 2004.

Income Taxes

The Association was organized under the provisions of Section 501(c)(6) of the Internal Revenue Code. There is no provision for income taxes on the financial statement.

Contributed Services

A substantial number of volunteers have made significant contributions of their time in the furtherance of the Association's programs. The value of these contributions is not reflected in the financial statements.

2. CONCENTRATION OF CREDIT RISK

The Association may occasionally maintain deposits in excess of federally insured limits. At December 31, 2004, there was no amount in excess of insured limits.

**GAME MANUFACTURERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

3. OTHER RECEIVABLE

The Association extended a loan and a payroll advance to a former employee at zero percent interest. The Association expects the loan and payroll advance to be fully collectible.

4. OTHER ASSETS

The Association owns two pieces of artwork stated at cost, displayed at the Association's office.

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2004
Computer equipment	\$ 23,288
Show equipment	6,751
Office equipment	3,960
Office furniture	3,414
	37,413
Accumulated depreciation	(15,835)
	\$ 21,578

6. PROGRAMS

The Association offers a variety of programs, which help support its mission of promoting the general interest of all persons engaged in the buying, selling, licensing, and manufacturing of hobby game products. The major programs offered by the Association as of December 31, 2004 were as follows:

GAMA Trade Show

This show is held annually in Las Vegas and brings together publishers, distributors, and retailers to learn about new products and services for the upcoming year.

The Origins Game Expo

This show is held in Columbus, Ohio for consumers and is the central event in the Association's fiscal year.

Academy of Adventure Gaming Arts and Design

A committee of the Association that recognizes excellence in hobby games publishing with its annual Origins Awards, announced at a gala awards ceremony at Origins.

Games in Education Program

This program provides teachers with information on games as teaching tools, helping them find products that will work well in the classroom.

Retail Mentorship Program

This program provides valuable advice and training to new retailers, creating stronger businesses. The Association also publishes a retail handbook, providing further education.

**GAME MANUFACTURERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS**

7. CONTRACTUAL OBLIGATIONS

During the year, the Association entered into agreements with several hotels and conference centers to reserve guest rooms and meeting rooms for trade shows to be held in subsequent years. Each contract has its own timetables and cancellation penalties for each service. Below are the maximum potential liabilities from these contracts, if cancelled by Game Manufacturers Association, with varying cancellation dates from thirty days before start date to within two years:

<u>Year of Trade Shows</u>	<u>Guest and Meeting Rooms</u>
2005	\$ 858,622
2006	832,778
2007	719,976
2008	737,709
2009	756,756
2010	610,764
	<u>\$ 4,516,605</u>

8. LEASES

For the purpose of the financial statements, the Association considers all leases to be operating leases. The leases have various expiration dates through November 2009. Lease expense charged to operations for the year ended December 31, 2004 was \$13,519.

The Association leases its office space under a non-cancelable operating lease through November 2009. Total lease expense was \$14,048 for the year ended December 31, 2004. Future minimum payments are as follows:

<u>Year</u>	<u>Amount</u>
2005	\$ 47,311
2006	48,320
2007	48,174
2008	41,578
2009	33,232
	<u>\$ 218,615</u>

9. PRIOR PERIOD ADJUSTMENT

The following is a prior period adjustment needed to correct the December 31, 2003 net assets:

Net assets at December 31, 2003 before adjustment	\$ 52,668
Record accumulated depreciation as of December 31, 2003	(9,210)
Restated net assets at December 31, 2003	<u>\$ 43,458</u>