

HANDS ON NASHVILLE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2008 AND 2007

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BELLENFANT + MILES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Hands On Nashville, Inc.
Nashville, Tennessee

We have audited the accompanying statements of financial position of Hands On Nashville, Inc as of December 31, 2008 and 2007 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 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 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 Hands On Nashville, Inc as of December 31, 2008 and 2007 and change 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.

Bellenfant & Miles, PLLC

June 12, 2009

HANDS ON NASHVILLE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2008 AND 2007

ASSETS

Current Assets	2008	2007
Cash and cash equivalents	\$ 52,904	\$ 66,565
Total Cash	52,904	66,565
Unconditional promises to give	16,891	77,103
Prepaid expenses	4,715	3,845
Total Current Assets	74,510	147,513
Computer and office equipment, net of accumulated depreciation	-	2,178
Total Assets	\$ 74,510	\$ 149,691

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	8,321	13,328
Note payable	25,000	39,916
Total Current Liabilities	33,321	53,244
Net Assets		
Unrestricted	41,189	52,873
Temporarily restricted	-	43,574
Total Net Assets	41,189	96,447
Total Liabilities and Net Assets	\$ 74,510	\$ 149,691

The accompanying notes and independent auditors' report are an integral part of this statement.

HANDS ON NASHVILLE, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008			2007		
	<u>Temporarily</u>		<u>Total</u>	<u>Temporarily</u>		<u>Total</u>
REVENUE	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unrestricted</u>	<u>Restricted</u>	
Grants	\$ 126,159	\$ 190,101	\$ 316,260	\$ 175,063	\$ 116,103	\$ 291,166
Corporate contributions	24,386		24,386	11,371		11,371
Individual contributions	-		-	15,674		15,674
Special events	87,136		87,136	86,299		86,299
Program fees	77,042		77,042	37,721		37,721
Interest	18		18	919		919
Net Assets released from restrictions	233,675	(233,675)	-	118,217	(118,217)	-
 Total Revenue	 \$ 548,416	 \$ (43,574)	 \$ 504,842	 \$ 445,264	 \$ (2,114)	 \$ 443,150
 EXPENSES						
Program services	444,033	-	444,033	430,273	-	430,273
Management and general	70,259	-	70,259	77,874	-	77,874
Fundraising	45,808	-	45,808	43,314	-	43,314
 Total Expenses	 560,100	 -	 560,100	 551,461	 -	 551,461
 CHANGE IN NET ASSETS	 (11,684)	 (43,574)	 (55,258)	 (106,197)	 (2,114)	 (108,311)
 Net Assets, beginning of year	 52,873	 43,574	 96,447	 159,070	 45,688	 204,758
 Net Assets, end of year	 \$ 41,189	 \$ -	 \$ 41,189	 \$ 52,873	 \$ 43,574	 \$ 96,447

The accompanying notes and independent auditors' report are an integral part of this statement.

HANDS ON NASHVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2008

	Program <u>Services</u>	Management <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 297,532	\$ 37,192	\$ 37,192	\$ 371,916
Payroll taxes	20,591	2,574	2,574	25,739
Rent	46,670	5,491	2,745	54,906
Postage	1,454	171	86	1,711
Supplies	3,486	930	232	4,648
Printing	3,763	443	221	4,427
Program supplies	22,594	-	-	22,594
Repairs and maintenance	276	-	-	276
Travel	738	-	-	738
Telephone	4,184	785	262	5,231
Professional fees	-	14,415	-	14,415
Dues and licenses	836	223	56	1,115
Insurance	3,656	192	-	3,848
Depreciation	1,742	-	436	2,178
Board development	-	-	-	-
Staff development	715	-	-	715
Technology	2,203	260	130	2,593
Meals and entertainment	1,647	87	-	1,734
Special events	28,112	7,496	1,874	37,482
Interest	2,593	-	-	2,593
Other	1,241	-	-	1,241
Total Functional Expenses	<u>\$ 444,033</u>	<u>\$ 70,259</u>	<u>\$ 45,808</u>	<u>\$ 560,100</u>

The accompanying notes and independent auditors' report are an integral part of this statement.

HANDS ON NASHVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 284,465	\$ 35,558	\$ 35,558	\$ 355,581
Payroll taxes	23,410	2,926	2,926	29,262
Rent	32,854	3,865	1,933	38,652
Postage	1,868	220	110	2,198
Supplies	2,835	756	189	3,780
Printing	14,968	1,761	880	17,609
Program supplies	6,486	-	-	6,486
Repairs and maintenance	1,634	-	-	1,634
Travel	2,586	-	-	2,586
Telephone	5,189	973	324	6,486
Professional fees	12,510	29,375	-	41,885
Dues and licenses	1,191	318	79	1,588
Insurance	3,031	160	-	3,191
Depreciation	4,169	-	1,042	5,211
Board development	428	23	-	451
Staff development	6,198	-	-	6,198
Utilities	1,447	170	85	1,702
Meals and entertainment	19,323	1,017	-	20,340
Special events	2,821	752	188	3,761
Other	2,860	-	-	2,860
Total Functional Expenses	<u>\$ 430,273</u>	<u>\$ 77,874</u>	<u>\$ 43,314</u>	<u>\$ 551,461</u>

The accompanying notes and independent auditors' report are an integral part of this statement.

HANDS ON NASHVILLE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2008</u>	<u>2007</u>
Change in Net Assets	\$ (55,258)	\$ (108,311)
Adjustments to reconcile increase in net assets to net cash from operating activities		
Depreciation	2,178	5,211
(Increase) Decrease in:		
Unconditional promises to give	60,212	9,247
Prepaid expenses	(870)	4,428
Increase (Decrease) in:		
Accounts payable and accrued expenses	<u>(5,007)</u>	<u>(6,796)</u>
Net Cash Provided by (Used by) Operating Activities	<u>1,255</u>	<u>(96,221)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional borrowings	75,000	39,916
Payments on borrowings	<u>(89,916)</u>	<u>-</u>
Net Cash Provided by (Used by) Financing Activities	<u>(14,916)</u>	<u>39,916</u>
NET DECREASE IN CASH	(13,661)	(56,305)
Cash balance, beginning of year	<u>66,565</u>	<u>122,870</u>
Cash balance, end of year	<u>\$ 52,904</u>	<u>\$ 66,565</u>

The accompanying notes and independent auditors' report are an integral part of this statement.

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and Purpose:

Hands on Nashville, Inc. is a not-for-profit organization located in Nashville, Tennessee. The Organization's mission is to be recognized leaders of programs, partnerships and services that maximize volunteer impact in the greater Nashville community.

Classification of Restricted and Unrestricted Net Assets:

The Organization has adopted Statement of Financial Accounting Standard No. 117 (SFAS 117), *Financial Statements of Not-For-Profit Organizations*. SFAS 117 establishes standards for general purpose external financial statements provided by not-for-profit organizations. In addition, it requires that the amounts of three classes of assets - permanently restricted, temporarily restricted, and unrestricted - be displayed in a statement of financial position, and that the amounts of change in each of these classes of net assets be displayed in a statement of activities.

SFAS 117 requires the Organization to report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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.

For the year ended December 31, 2008, the Organization received temporarily restricted contributions in the amount of \$190,101 restricted for specific purposes. During 2007, the Organization received temporarily restricted contributions in the amount of \$116,103 designated for specific purposes.

For the years ended December 31, 2008 and 2007, there were no permanent restrictions on net assets.

Contributions and Promises to Give:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in the 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.

No allowance for uncollectible unconditional promises to give is considered necessary, as all amounts are considered collectible.

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Restricted cash represents funds held for an outside party, for which a corresponding liability has been recorded. These amounts are included as cash and cash equivalents in the Statements of Cash Flows.

Equipment:

The Organization's policy is to record purchased and contributed fixed assets at cost and fair value, respectively. The cost of equipment is depreciated using other accelerated methods over the estimated useful lives of 3-5 years for computer and office equipment.

Depreciation expense for the years ended December 31, 2008 and 2007, amounted to \$2,178 and \$5,211, respectively.

Donated Services:

No amounts have been reflected in the financial statements for donated services as no objective basis is available to measure the value of such services. The Organization pays for most services requiring specific expertise. However, the Organization coordinates many individuals who volunteer their time and perform a variety of tasks throughout the Nashville community. During the year ended December 31, 2008, the Organization coordinated more than 18,000 hours of volunteer services.

Income Taxes:

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes under Section 501(a) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

Use of Estimates:

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, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash on deposit and unconditional promises to give. The Organization's cash deposits are in a financial institute located in Tennessee and may, at times, exceed federally insured amounts. Concentrations of credit risk with respect to unconditional promises to give are limited to corporate donors and foundations in the Nashville area. Management does not believe significant credit risk exists at December 31, 2008.

Concentration of Revenues and Support:

Substantially all of the Organization's revenues are donations and special events which are dependent on fundraising efforts

2. EQUIPMENT

Equipment consists of the following at December 31:

	<u>2008</u>	<u>2007</u>
Computer and office equipment	\$ 61,788	\$ 61,788
Less: Accumulated depreciation	<u>(61,788)</u>	<u>(59,610)</u>
	<u>\$ -</u>	<u>\$ 2,178</u>

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

3. UNCONDITIONAL PROMISES TO GIVE

As of December 31, 2008, the Organization has unconditional promises to give from corporate and government donors. Unconditional promises to give are expected to be received within the next fiscal year.

4. OPERATING LEASES

The Organization has an operating lease for office space that expires December 31, 2012. They also lease office equipment that expires between December 2009 and January 2013. Future minimum rentals under the leases are as follows:

Year Ending	Office <u>Space</u>	Office <u>Equipment</u>	<u>Total</u>
2009	\$ 46,150	\$ 3,507	\$ 49,657
2010	47,450	2,938	50,388
2011	48,750	2,938	51,688
2012	50,050	-	50,050
2013	-	-	-
	<u>\$ 192,400</u>	<u>\$ 9,383</u>	<u>\$ 201,783</u>

Rent expense was \$54,906 and \$38,652 for the years ended December 31, 2008 and 2007, respectively.

5. TAX DEFERRED ANNUITY PLAN

The Organization sponsors a tax deferred annuity plan qualified under section 403(b) of the Internal Revenue Code. The Plan covers full-time employees of the Organization. No contributions were made to the Plan by the Organization during 2008 and 2007.

6. NET ASSETS RELEASED FROM RESTRICTIONS

Net Assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year ended December 31, 2008

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2008</u>	<u>2007</u>
Volunteer Programs	\$ -	\$ 23,574
Operating Expenses	-	20,000
	<u>\$ -</u>	<u>\$ 43,574</u>

8. NOTE PAYABLE

The Organization has a line of credit with a commercial bank in the amount of \$100,000. The balance was \$25,000, as of December 31, 2008. Interest is computed at the bank's prime rate which was 3.25% as of December 31, 2008. The loan is collateralized with the Organization's funds on deposit at the commercial bank. The loan matures on July 31, 2009.