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**BELLENFANT + MILES, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

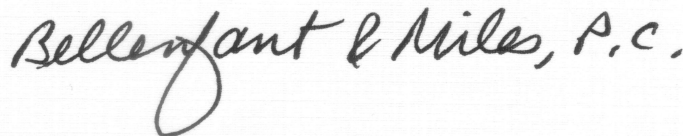
**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying statement of financial position of Hands On Nashville, Inc as of December 31, 2006 and 2005 and the related statement 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, 2006 and 2005, 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.



May 25, 2007

**HANDS ON NASHVILLE, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2006 AND 2005**

**ASSETS**

Current Assets	<u>2006</u>	<u>2005</u>
Cash and cash equivalents	\$ 117,463	\$ 181,646
Cash - Volunteer Heroes	<u>5,407</u>	<u>2,190</u>
Total Cash	122,870	183,836
Unconditional promises to give	86,350	1,000
Prepaid expenses	<u>8,273</u>	<u>-</u>
Total Current Assets	217,493	184,836
Computer and office equipment, net of accumulated depreciation	<u>7,389</u>	<u>11,227</u>
Total Assets	<u><u>\$ 224,882</u></u>	<u><u>\$ 196,063</u></u>

**LIABILITIES AND NET ASSETS**

Current Liabilities		
Accounts payable and accrued expenses	14,717	5,110
Funds held for Volunteer Heroes	<u>5,407</u>	<u>2,190</u>
Total Current Liabilities	<u>20,124</u>	<u>7,300</u>
Net Assets		
Unrestricted	159,070	130,155
Temporarily restricted	45,688	58,608
Total Net Assets	<u>204,758</u>	<u>188,763</u>
Total Liabilities and Net Assets	<u><u>\$ 224,882</u></u>	<u><u>\$ 196,063</u></u>

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, 2006 AND 2005

	2006			2005		
	<u>Temporarily</u>		<u>Total</u>	<u>Temporarily</u>		<u>Total</u>
<b>REVENUE</b>	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unrestricted</u>	<u>Restricted</u>	
Grants	\$ 321,580	\$ 82,138	\$ 403,718	\$ 220,857	\$ 56,048	\$ 276,905
Corporate contributions	43,144		43,144	46,990		46,990
Individual contributions	39,591		39,591	28,881		28,881
Special events	75,562		75,562	41,543		41,543
Program fees	53,196		53,196	60,203		60,203
Interest	1,413		1,413	1,317		1,317
Net Assets released from restrictions	95,058	(95,058)	-	85,991	(85,991)	-
 Total Revenue	 \$ 629,544	 \$ (12,920)	 \$ 616,624	 \$ 485,782	 \$ (29,943)	 \$ 455,839
 <b>EXPENSES</b>						
Programs services	484,154	-	484,154	379,901	-	379,901
Management and general	69,385	-	69,385	51,057	-	51,057
Fundraising	47,090	-	47,090	39,870	-	39,870
 Total Expenses	 600,629	 -	 600,629	 470,828	 -	 470,828
 CHANGE IN NET ASSETS	 28,915	 (12,920)	 15,995	 14,954	 (29,943)	 (14,989)
 Net Assets, beginning of year	 130,155	 58,608	 188,763	 115,201	 88,551	 203,752
 Net Assets, end of year	 \$ 159,070	 \$ 45,688	 \$ 204,758	 \$ 130,155	 \$ 58,608	 \$ 188,763

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, 2006**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 307,661	\$ 38,458	\$ 38,458	\$ 384,577
Payroll taxes	21,321	2,665	2,665	26,651
Rent	28,524	3,356	1,678	33,558
Postage	3,938	463	232	4,633
Supplies	7,361	1,963	491	9,815
Printing	14,412	1,696	848	16,956
Program expense	7,637	-	-	7,637
Repairs and maintenance	633	-	-	633
Travel	8,214	-	-	8,214
Telephone	4,802	900	300	6,002
Professional fees	1,379	16,885	-	18,264
Dues and subscriptions	3,325	887	222	4,434
Insurance	2,345	123	-	2,468
Depreciation	8,169	-	2,042	10,211
Board development	3,080	162	-	3,242
Staff development	7,390	-	-	7,390
Licenses and permits	221	59	15	295
Utilities	2,406	283	139	2,828
Meals and entertainment	28,223	1,485	-	29,708
CNTI restricted	11,564	-	-	11,564
Alliance for Recovery	11,549	-	-	11,549
Total Functional Expenses	<u>\$ 484,154</u>	<u>\$ 69,385</u>	<u>\$ 47,090</u>	<u>\$ 600,629</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, 2005**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 242,296	\$ 30,287	\$ 30,287	\$ 302,870
Payroll taxes	17,222	2,153	2,153	21,528
Marketing	6,398	1,200	400	7,998
Rent	25,523	3,003	1,501	30,027
Postage	2,319	273	136	2,729
Supplies	4,590	1,224	306	6,121
Printing	5,790	681	341	6,811
Program expense	5,636	-	-	5,636
Repairs and maintenance	4,844	-	-	4,844
Travel	5,950	-	-	5,950
Telephone	5,018	941	314	6,273
Professional fees	-	8,382	-	8,382
Dues and subscriptions	3,108	829	207	4,144
Insurance	3,161	166	-	3,327
Depreciation	16,324	-	4,081	20,405
Board development	1,036	55	-	1,091
Staff development	5,367	-	-	5,367
Licenses and permits	240	64	16	320
Utilities	2,173	256	128	2,556
Meals and entertainment	16,556	871	-	17,427
CNTI restricted	5,709	-	-	5,709
Miscellaneous	641	672	-	1,313
Total Functional Expenses	<u>\$ 379,901</u>	<u>\$ 51,057</u>	<u>\$ 39,870</u>	<u>\$ 470,828</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, 2006 AND 2005**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Change in Net Assets	\$ 15,995	\$ (14,989)
Adjustments to reconcile increase in net assets to net cash from operating activities		
Depreciation	10,211	20,405
(Increase) Decrease in:		
Unconditional promises to give	(85,350)	1,000
Deposits	-	1,000
Prepaid expenses	(8,273)	-
Increase (Decrease) in:		
Accounts payable and accrued expenses	9,607	5,110
Funds held for an outside party	3,217	(1,950)
Net Cash Provided by Operating Activities	<u>(54,593)</u>	<u>10,576</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	<u>(6,373)</u>	<u>(6,695)</u>
Net Cash Provided by Investing Activities	<u>(6,373)</u>	<u>(6,695)</u>
NET INCREASE IN CASH	(60,966)	3,881
Cash balance, beginning of year	<u>183,836</u>	<u>179,955</u>
Cash balance, end of year	<u><u>\$ 122,870</u></u>	<u><u>\$ 183,836</u></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, 2006 AND 2005**

**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, 2006, the Organization received temporarily restricted contributions in the amount of \$82,138 restricted for specific purposes. During 2005, the Organization received temporarily restricted contributions in the amount of \$56,048 designated for specific purposes.

For the years ended December 31, 2006 and 2005, 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, 2006 AND 2005**

**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, 2006 and 2005, amounted to \$10,211 and \$20,405, 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, 2006, 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, 2006 AND 2005**

**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, 2006.

**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>2006</u>	<u>2005</u>
Computer and office equipment	\$ 75,679	\$ 69,307
Less: Accumulated depreciation	<u>(68,290)</u>	<u>(58,080)</u>
	<u>\$ 7,389</u>	<u>\$ 11,227</u>

**HANDS ON NASHVILLE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2006 AND 2005**

**3. UNCONDITIONAL PROMISES TO GIVE**

As of December 31, 2006, 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.

As of December 31, 2005, the Organization has unconditional promises to give from an individual donor. 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, 2007. They also lease office equipment that expires between March 2008 and August 2008. Future minimum rentals under the leases are as follows:

Year Ending	
2007	\$ 35,736
2008	1,753
	<u>\$ 37,489</u>

Rent expense was \$33,558 and \$30,027 for the years ended December 31, 2006 and 2005, 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 2006 and 2005.

**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 years ended December 31:

Purpose restriction accomplished:	<u>2006</u>	<u>2005</u>
Operating expenses	\$ 79,453	\$ 69,016
Volunteer Programs	12,497	1,940
Technology upgrades	<u>3,108</u>	<u>15,035</u>
	<u>\$ 95,058</u>	<u>\$ 85,991</u>

**HANDS ON NASHVILLE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2006 AND 2005**

**7. TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2006</u>	<u>2005</u>
Volunteer Programs	\$ 25,688	\$ 15,825
Operating Expenses	<u>20,000</u>	<u>42,783</u>
	<u>\$ 45,688</u>	<u>\$ 58,608</u>