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REVIEW REPORT

To the Board of Directors
Love Helps, Inc.
Nashville, Tennessee

We have reviewed the accompanying statement of financial condition of Love Helps, Inc. (a nonprofit organization) as of March 31, 2005, and the related statements of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Love Helps, Inc.

A review consists principally of inquiries of Love Helps, Inc. personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

McMartin

LOVE HELPS
Statement of Financial Position
As of March 31, 2005

Assets

Current assets:

Cash	<u>\$85,116.65</u>	
Total current assets		\$85,116.65 ✓

Fixed assets:

Furniture and equipment	33,272.63	
Less accum. depr.	<u>(16,991.00)</u>	
Net fixed assets		16,281.63

Other assets:

Books	<u>1,008.68</u>	
Total other assets		<u>1,008.68</u>
Total assets		<u><u>\$102,406.96</u></u> ✓

Liabilities and Net Assets

Current liabilities:

Accounts payable	<u>\$97.56</u>	
Total current liabilities		\$97.56

Total net assets		<u>102,309.40</u> ✓
Total liabilities and net assets		<u><u>\$102,406.96</u></u> ✓

LOVE HELPS

Statement of Activities For the year ending March 31, 2005

Receipts:

Individual contributions	\$ 15,656.00
Charitable and civic organizations	494.00
Government	32.00
Corporate contributions	4,449.63
Events	110,565.00
Schools	272.50
Noncash	500.00 -
Foundations	<u>22,000.00</u>
Total revenues	<u>153,969.13</u>

Disbursements:

Wages	86,400.00
Payroll taxes	6,609.60
Employee benefits	12,401.88
Postage	2,646.43
Meetings and training	316.44
Depreciation	5,130.95
Dues and fees	771.60
Food & entertainment	423.36
Gifts	536.48
Events - direct expenses	19,836.86
Transportation	2,169.40
Prizes	4,314.43
Equipment rental	432.38
Office supplies	2,123.14
Printing	8,284.92
Telephone	3,281.13
Insurance	<u>1,947.00</u>
Total expenses	<u>157,626.00</u>
Change in net assets	<u>\$ (3,656.87)</u>

See notes to financial statements and accountant's review report.

LOVE HELPS

Statement of Cash Flows For the Year Ending March 31, 2005

Cash flows from operations:	
Change in net assets	(\$3,656.87)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	5,130.95
Changes in operating assets and liabilities:	
Decrease in accounts payable	<u>(12,663.13)</u>
Net cash provided by operating activities	<u>(11,189.05)</u>
Cash flows used in investing activities:	
Purchase of equipment and books (net)	<u>(1,145.02)</u>
Net cash used in investing activities	<u>(1,145.02)</u>
Net increase in cash	(12,334.07)
Cash at beginning of period	<u>97,450.72</u>
Cash at end of period	<u><u>\$85,116.65</u></u>

· LOVE HELPS, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005

NOTE 1 – ORGANIZATION

Love Helps, Inc (the Company) is a non-profit Tennessee corporation organized and incorporated in 1995. The Company was established for the purpose of helping underprivileged children. The programs of Love Helps, Inc. encourage and affirm children toward responsible behavior through positive character development. Existing programs include in-class reading volunteers, student awards, encouraging personal letters to students, in-class teaching, and materials for teachers.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Company are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenditures are recognized when incurred.

(b) Income Taxes

Love Helps, Inc., a non-profit organization operating under Section 501(c)(3) of the Internal Revenue Code, is exempt from federal, state, and local income taxes and, accordingly, no provision for income taxes is included in the financial statements.

(c) Cash and Cash Equivalents

For the statement of financial position and statement of cash flows, cash and cash equivalents are defined as all monies in petty cash, checking, savings and money market accounts and certificates of deposit.

(d) Fixed Assets

Fixed assets consist of computer and office equipment and are recorded at cost, when purchased, or if donated, at their estimated fair market value at date of donation. All acquisitions of property and equipment in excess of \$100 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Depreciation is provided on the straight-line method over estimated useful lives of seven years. There are no lease/purchase contracts.