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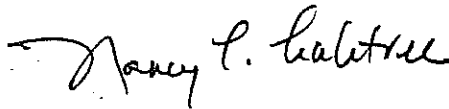
Independent Auditor's Report

Board of Directors
Cumberland Community Options, Inc.
Nashville, Tennessee

I have audited the accompanying statement of financial position of Cumberland Community Options, Inc. (a nonprofit organization) as of June 30, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cumberland Community Options, Inc. as of June 30, 2007, 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.



Nashville, Tennessee
December 6, 2007

CUMBERLAND COMMUNITY OPTIONS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

ASSETS

Current Assets:

Cash and cash equivalents	\$ 293240
Accounts receivable – no allowance necessary	5956
Employees receivable	925
Due from the State of Tennessee	8713
Prepaid expenses	<u>291</u>

Total Current Assets \$ 309125

Property and Equipment:

Office furniture and equipment	\$ 37455
Less accumulated depreciation	<u>(27535)</u>

Total Property and Equipment \$ 9920

Total Assets \$ 319045

LIABILITIES AND NET ASSETS

Current Liabilities:

Accrued payroll expenses	<u>\$ 52663</u>
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Total Current Liabilities /
Total Liabilities \$ 52663

Net Assets:

Unrestricted:	
Operating	\$ 256462
Property and equipment	<u>9920</u>

Total Net Assets \$ 266382

Total Liabilities and Net Assets \$ 319045

See accompanying notes to the financial statements.

CUMBERLAND COMMUNITY OPTIONS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Unrestricted</u>
Revenues and Other Support:	
Contracts with State of Tennessee	\$ 1403726
United Way allocation	16743
Interest	769
Donations	<u>7130</u>
Total Revenues and Other Support	<u>\$ 1428368</u>
Expenses:	
Program Services:	
Support and Client Assistance	\$ 1129206
Support Services:	
Management and General	<u>264164</u>
Total Expenses	<u>\$ 1393370</u>
Increase (decrease) in Net Assets	\$ 34998
Net Assets at the beginning of the year	<u>231384</u>
Net Assets at the end of the year	<u>\$ 266382</u>

See accompanying notes to the financial statements.

CUMBERLAND COMMUNITY OPTIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

	Support & Client Assistance	Management & General	Total Expenses
Salaries	\$ 742800	\$ 117525	\$ 860325
Payroll taxes	58562	7665	66227
Fringe benefits	3875	5009	8884
Health insurance	68339	10117	78456
Rent	98882	38800	137682
Client set-up costs	8287		8287
Utilities	16100		16100
Travel / mileage	70846	7073	77919
Miscellaneous	19336	6788	26124
Training		5235	5235
Advertising		578	578
Equipment rental		5097	5097
Other insurance	32300	16757	49057
Fees & licenses		2550	2550
Professional fees	5018	5310	10328
Communications	4861	12891	17752
Supplies		7402	7402
Staff appreciation		3151	3151
Bank fees		683	683
Payroll service fees		3299	3299
Fundraising expenses		1458	1458
Depreciation		6776	6776
Total	\$ 1129206	\$ 264164	\$ 1393370

See accompanying notes to the financial statements.

CUMBERLAND COMMUNITY OPTIONS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

Cash Flows from Operating Activities:

Cash received from State of Tennessee contracts	\$ 1434823
Cash received from United Way allocation	13953
Interest received	769
Cash received from revenues and support	8034
Cash paid to suppliers and employees	<u>(1388663)</u>
Net Cash Provided or (Used) by Operating Activities	<u>\$ 68916</u>

Cash Flows from Investing Activities:

Acquisition of computer equipment	<u>\$ (3574)</u>
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Net Increase (Decrease) in Cash and Cash Equivalents	\$ 65342
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Cash and Cash Equivalents at the beginning of the year	<u>227898</u>
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Cash and Cash Equivalents at the end of the year	<u><u>\$ 293240</u></u>
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See accompanying notes to the financial statements.

CUMBERLAND COMMUNITY OPTIONS, INC.
 STATEMENT OF CASH FLOWS (continued)
 FOR THE YEAR ENDED JUNE 30, 2007

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH
 PROVIDED (USED) BY OPERATING ACTIVITIES:

Increase in net assets	\$ 34998
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Adjustments to reconcile change in net assets to net cash
 Provided (used) by operating activities:

Depreciation	6776
Staff appreciation – Note A(7)	1790
(Increase) decrease in:	
Accounts receivable	(1854)
Employees receivable	(32)
Due from State of Tennessee	31097
Prepaid expenses	(13)
Increase (decrease) in:	
Accrued payroll expenses	<u>(3846)</u>

Net Cash Provided or (Used) by Operating Activities	<u>\$ 68916</u>
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See accompanying notes to the financial statements.