HANDS ON NASHVILLE, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2007 AND 2006

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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, 2007 and 2006 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, 2007 and 2006 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, P.C.

May 23, 2008

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HANDS ON NASHVILLE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2007 AND 2006

ASSETS

Current Assets	2007	2006
Cash and cash equivalents	$ 66,565	$ 122,870
Total Cash	66,565	122,870
Unconditional promises to give	110,103	86,350
Prepaid expenses	3,845	8,273
Total Current Assets	180,513	217,493
Computer and office equipment, net of accumulated depreciation	2,178	7,389
Total Assets	$ 182,691	$ 224,882

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	13,328	20,124
Note payable	39,916	-
Total Current Liabilities	53,244	20,124
Net Assets		
Unrestricted	52,873	159,070
Temporarily restricted	76,574	45,688
Total Net Assets	129,447	204,758
Total Liabilities and Net Assets	$ 182,691	$ 224,882

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, 2007 AND 2006

	2007			2006		
		Temporarily			Temporarily	
REVENUE	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Grants	$ 175,063	$ 149,103	$ 324,166	$ 321,580	$ 82,138	$ 403,718
Corporate contributions	11,371		11,371	43,144		43,144
Individual contributions	15,674		15,674	39,591		39,591
Special events	86,299		86,299	75,562		75,562
Program fees	37,721		37,721	53,196		53,196
Interest	919		919	1,413		1,413
Net Assets released from restrictions	118,217	(118,217)	-	95,058	(95,058)	-
Total Revenue	$ 445,264	$ 30,886	$ 476,150	$ 629,544	$ (12,920)	$ 616,624
EXPENSES						
Program services	430,273	-	430,273	484,154	-	484,154
Management and general	77,874	-	77,874	69,385	-	69,385
Fundraising	43,314	-	43,314	47,090	-	47,090
Total Expenses	551,461	-	551,461	600,629	-	600,629
CHANGE IN NET ASSETS	(106,197)	30,886	(75,311)	28,915	(12,920)	15,995
Net Assets, beginning of year	159,070	45,688	204,758	130,155	58,608	188,763
Net Assets, end of year	$ 52,873	$ 76,574	$ 129,447	$ 159,070	$ 45,688	$ 204,758

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

	Program Services	Management and General	Fundraising	Total
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	$ 430,273	$ 77,874	$ 43,314	$ 551,461

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

	Program Services	Management and General	Fundraising	Total
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	$ 484,154	$ 69,385	$ 47,090	$ 600,629

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, 2007 AND 2006

CASH FLOWS FROM OPERATING ACTIVITIES	2007	2006
Change in Net Assets	$ (75,311)	$ 15,995
Adjustments to reconcile increase in net assets to net cash from operating activities		
Depreciation	5,211	10,211
(Increase) Decrease in:		
Unconditional promises to give	(23,753)	(85,350)
Prepaid expenses	4,428	(8,273)
Increase (Decrease) in:		
Accounts payable and accrued expenses	(6,796)	9,607
Funds held for an outside party	-	3,217
Net Cash Provided by Operating Activities	(96,221)	(54,593)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(6,373)
Net Cash Provided by Investing Activities	-	(6,373)
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional borrowings	39,916	-
Net Cash Provided by Financing Activities	39,916	-
NET INCREASE IN CASH	(56,305)	(60,966)
Cash balance, beginning of year	122,870	183,836
Cash balance, end of year	$ 66,565	$ 122,870

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

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

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 theses 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, 2007, the Organization received temporarily restricted contributions in the amount of $149,103 restricted for specific purposes. During 2006, the Organization received temporarily restricted contributions in the amount of $82,138 designated for specific purposes.

For the years ended December 31, 2007 and 2006, 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, 2007 AND 2006

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, 2007 and 2006, amounted to $5,211 and $10,211, 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, 2007, 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, 2007 AND 2006

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, 2007.

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:

	2007	2006
Computer and office equipment	$ 61,788	$ 75,679
Less: Accumulated depreciation	(59,610)	(68,290)
	$ 2,178	$ 7,389

3. UNCONDITIONAL PROMISES TO GIVE

As of December 31, 2007, 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 March 2008 and August 2008. Future minimum rentals under the leases are as follows:

Year Ending	
2008	$ 44,850
2009	46,150
	$ 91,000

Rent expense was $38,652 and $33,558 for the years ended December 31, 2007 and 2006, 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 2007 and 2006.

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:	2007	2006
Operating expenses	$ 20,000	$ 79,453
Volunteer Programs	98,217	12,497
Technology upgrades	-	3,108
	$ 118,217	$ 95,058

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

7. TEMPORARILY RESTRICTED NET ASSETS

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

	2007	2006
Volunteer Programs	$ 56,574	$ 25,688
Operating Expenses	20,000	20,000
	$ 76,574	$ 45,688

8. NOTE PAYABLE

The Organization has a line of credit with a commercial bank in the amount of $100,000. The balance was $39,916 as of December 31, 2007. Interest is computed at the bank's prime rate which was 7.25% as of December 31, 2007. The loan is collateralized with the Organization's funds on deposit at the commercial bank. The loan matures on July 31, 2008.