

HANDS ON NASHVILLE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2009 AND 2008

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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, 2009 and 2008 and the related statements of activities, functional expenses, 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, 2009 and 2008 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 4, 2010

HANDS ON NASHVILLE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2009 AND 2008

ASSETS

Current Assets	2009	2008
Cash and cash equivalents	\$ 113,182	\$ 52,904
Total Cash	113,182	52,904
Unconditional promises to give	4,633	16,891
Prepaid expenses	16,928	4,715
Total Current Assets	134,743	74,510
Computer and office equipment, net of accumulated depreciation	-	-
Total Assets	\$ 134,743	\$ 74,510

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 6,618	\$ 8,321
Note payable	84,699	25,000
Total Current Liabilities	91,317	33,321
Net Assets		
Unrestricted	39,926	41,189
Temporarily restricted	3,500	-
Total Net Assets	43,426	41,189
Total Liabilities and Net Assets	\$ 134,743	\$ 74,510

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, 2009 AND 2008

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE						
Grants	\$ 129,719	\$ 136,183	\$ 265,902	\$ 126,159	\$ 190,101	\$ 316,260
Contributions	71,835	3,500	75,335	24,386		24,386
Special events	105,224		105,224	87,136		87,136
Program fees	147,034		147,034	77,042		77,042
Interest	14		14	18		18
Net Assets released from restrictions	136,183	(136,183)	-	233,675	(233,675)	-
 Total Revenue	 \$ 590,009	 \$ 3,500	 \$ 593,509	 \$ 548,416	 \$ (43,574)	 \$ 504,842
EXPENSES						
Program services	482,217	-	482,217	444,033	-	444,033
Management and general	64,440	-	64,440	70,259	-	70,259
Fundraising	44,615	-	44,615	45,808	-	45,808
 Total Expenses	 591,272	 -	 591,272	 560,100	 -	 560,100
 CHANGE IN NET ASSETS	 (1,263)	 3,500	 2,237	 (11,684)	 (43,574)	 (55,258)
 Net Assets, beginning of year	 41,189	 -	 41,189	 52,873	 43,574	 96,447
 Net Assets, end of year	 \$ 39,926	 \$ 3,500	 \$ 43,426	 \$ 41,189	 \$ -	 \$ 41,189

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, 2009

	Program <u>Services</u>	Management <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 290,455	\$ 36,307	\$ 36,307	\$ 363,069
Payroll taxes	20,872	2,609	2,609	26,090
Rent	47,431	5,580	2,790	55,801
Postage	971	113	57	1,141
Supplies	1,424	380	95	1,899
Program supplies	67,085	-	-	67,085
Repairs and maintenance	3,560	-	-	3,560
Travel	1,155	-	-	1,155
Telephone	4,306	807	269	5,382
Professional fees	-	9,636	-	9,636
Dues and licenses	3,098	826	207	4,131
Insurance	1,509	79	-	1,588
Staff development	20	-	-	20
Technology	9,994	1,176	587	11,757
Meals and entertainment	2,885	152	-	3,037
Special events	25,406	6,775	1,694	33,875
Interest	1,476	-	-	1,476
Other	570	-	-	570
Total Functional Expenses	<u>\$ 482,217</u>	<u>\$ 64,440</u>	<u>\$ 44,615</u>	<u>\$ 591,272</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, 2008

	Program <u>Services</u>	Management <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 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
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.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2009</u>	<u>2008</u>
Change in Net Assets	\$ 2,237	\$ (55,258)
Adjustments to reconcile increase in net assets to net cash from operating activities		
Depreciation	-	2,178
(Increase) Decrease in:		
Unconditional promises to give	12,258	60,212
Prepaid expenses	(12,213)	(870)
Increase (Decrease) in:		
Accounts payable and accrued expenses	<u>(1,703)</u>	<u>(5,007)</u>
Net Cash Provided by (Used by) Operating Activities	<u>579</u>	<u>1,255</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional borrowings	85,000	75,000
Payments on borrowings	<u>(25,301)</u>	<u>(89,916)</u>
Net Cash Provided by (Used by) Financing Activities	<u>59,699</u>	<u>(14,916)</u>
NET DECREASE IN CASH	60,278	(13,661)
Cash balance, beginning of year	<u>52,904</u>	<u>66,565</u>
Cash balance, end of year	<u>\$ 113,182</u>	<u>\$ 52,904</u>

Supplemental Information: Interest paid was \$1,476 and \$2,593 for the years ended December 31, 2009 and 2008, respectively.

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

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

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

Basis of Presentation:

The financial statements of the Organization are presented on the accrual basis of accounting. Revenue is generally recognized when earned. Expenses are generally recognized when incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Organization accounts for contributions in accordance with the requirements of the FASB Accounting Standards Codification Revenue Recognition Topic. In accordance with the FASB Accounting Standards Codification, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

For the year ended December 31, 2009, the Organization received temporarily restricted contributions in the amount of \$139,683 restricted for specific purposes. During 2008, the Organization received temporarily restricted contributions in the amount of \$190,101 designated for specific purposes.

As of December 31, 2009 and 2008, the Organization had no permanent restrictions of 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, 2009 AND 2008

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, 2009 and 2008, amounted to \$0 and \$2,178, 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, 2009, the Organization coordinated more than 20,000 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.

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions.

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.

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

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, 2009.

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>2009</u>	<u>2008</u>
Computer and office equipment	\$ 55,053	\$ 61,788
Less: Accumulated depreciation	<u>(55,053)</u>	<u>(61,788)</u>
	<u>\$ -</u>	<u>\$ -</u>

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by Organization in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, payables and accrued expenses: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

4. UNCONDITIONAL PROMISES TO GIVE

As of December 31, 2009, 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.

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

5. 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>
2010	\$ 47,450	\$ 2,938	\$ 50,388
2011	48,750	2,938	51,688
2012	50,050	-	50,050
	<u>\$ 146,250</u>	<u>\$ 5,876</u>	<u>\$ 152,126</u>

Rent expense was \$55,801 and \$54,906 for the years ended December 31, 2009 and 2008, respectively.

6. 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 2009 and 2008.

7. 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, 2009.

8. NOTE PAYABLE

The Organization has a line of credit with a commercial bank in the amount of \$100,000. The balance was \$84,699, as of December 31, 2009. Interest is computed at the bank's prime rate which was 3.25% as of December 31, 2009. The loan is collateralized with the Organization's funds on deposit at the commercial bank. The loan matures on June 24, 2010.

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 4, 2010 which is the date the financial statements were available to be issued.

In May 2010, several counties in Tennessee were affected by flooding and declared to be disaster areas by the federal government. The Organization received many donations and also was the primary volunteer coordinator for relief efforts.