TABLE OF CONTENTS

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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, 2005 and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Hands on Nashville, Inc. for the year ended December 31, 2004 were audited by other auditors whose report dated May 4, 2005, expressed an unqualified opinion on those statements.

We conducted our audit 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 audit provides 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, 2005, and change 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.

May 22, 2006

Bellenfant & Miles, P.C.

HANDS ON NASHVILLE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2005 AND 2004

ASSETS

Current Assets	2005	2004
Cash and Cash Equivalents	$ 181,646	$ 175,815
Cash - Volunteer Heroes	2,190	4,140
Total Cash	183,836	179,955
Other Current Assets	1,000	3,000
Total Current Assets	184,836	182,955
Computer and Office Equipment, net of Accumulated Depreciation	11,227	24,937
Total Assets	$ 196,063	$ 207,892

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	5,110	-
Funds Held for Volunteer Heros	2,190	4,140
Total Current Liabilities	7,300	4,140
Net Assets		
Unrestricted	130,155	115,201
Temporarily Restricted	58,608	88,551
Total Net Assets	188,763	203,752
Total Liabilities and Net Assets	$ 196,063	$ 207,892

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, 2005 AND 2004

	2005			2004		
		Temporarily			Temporarily	
REVENUE	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Grants	$ 220,857	$ 56,048	$ 276,905	$ 55,318	84,331	$ 139,649
Corporate Contributions	46,990		46,990	64,744		64,744
Individual Contributions	28,881		28,881	25,510	-	25,510
Special Events	41,543		41,543	36,406		36,406
Program Fees	60,203		60,203	24,525		24,525
Interest	1,317		1,317	580	-	580
Net Assets Released from Restrictions	85,991	(85,991)	-	140,497	(140,497)	-
Total Revenue	$ 485,782	$ (29,943)	$ 455,839	$ 347,580	$ (56,166)	$ 291,414
EXPENSES						
Programs Services	379,901	-	379,901	303,213	-	303,213
Management and General	51,057	-	51,057	43,291	-	43,291
Fundraising	39,870	-	39,870	31,007	-	31,007
Total Expenses	470,828	-	470,828	377,511	-	377,511
CHANGE IN NET ASSETS	14,954	(29,943)	(14,989)	(29,931)	(56,166)	(86,097)
Net Assets, beginning of year	115,201	88,551	203,752	145,132	144,717	289,849
Net Assets, end of year	$ 130,155	$ 58,608	$ 188,763	$ 115,201	$ 88,551	$ 203,752

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

	Program Services	Management and General	Fundraising	Total
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	$ 379,901	$ 51,057	$ 39,870	$ 470,828

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, 2004

	Program Services	Management and General	Fundraising	Total
Salaries	$ 185,225	$ 23,153	$ 23,153	$ 231,531
Payroll taxes	12,666	1,583	1,583	15,832
Rent	24,310	2,860	1,430	28,600
Postage	2,589	305	152	3,046
Supplies	5,190	1,384	346	6,920
Printing	7,541	887	443	8,871
Program expense	12,256	-	-	12,256
Repairs and maintenance	8,842	-	-	8,842
Travel	1,889	-	-	1,889
Telephone	4,939	926	309	6,174
Professional fees	-	10,307	-	10,307
Dues and subscriptions	2,943	784	196	3,923
Insurance	1,679	88	-	1,767
Depreciation	13,066	-	3,266	16,332
Board development	705	37	-	742
Staff development	1,645	-	-	1,645
Licenses and permits	233	62	15	310
Utilities	1,939	228	114	2,281
Meals and entertainment	10,702	563	-	11,265
CNTI restricted	2,500	-	-	2,500
Miscellaneous	2,354	124	-	2,478
Total Functional Expenses	$ 303,213	$ 43,291	$ 31,007	$ 377,511

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, 2005 AND 2004

CASH FLOWS FROM OPERATING ACTIVITIES	2005	2004
Change in Net Assets	$ (14,989)	$ (86,097)
Adjustments to reconcile increase in net assets to net cash from operating activities		
Depreciation	20,405	16,332
(Increase) Decrease in:		
Unconditional promises to give	1,000	97,710
Deposits	1,000	(927)
Increase (Decrease) in:		
Accounts payable	5,110	-
Funds held for an outside party	(1,950)	(188)
Net Cash Provided by Operating Activities	10,576	26,830
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(6,695)	-
Net Cash Provided by Investing Activities	(6,695)	-
NET INCREASE IN CASH	3,881	26,830
Cash balance, January 1, 2005	179,955	153,125
Cash balance, December 31, 2005	$ 183,836	$ 179,955

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

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

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, 2005, the Organization received temporarily restricted contributions in the amount of $56,048 restricted for specific purposes. During 2004, the Organization received temporarily restricted contributions in the amount of $84,331 designated for specific purposes.

For the years ended December 31, 2005 and 2004, 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.

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, 2005 and 2004, amounted to $20,405 and $16,332, 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, 2005, the Organization coordinated more than 24,000 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.

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, 2005.

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:

	2005	2004
Computer and office equipment	$ 69,307	$ 93,060
Less: Accumulated depreciation	(58,080)	(68,123)
	$ 11,227	$ 24,937

3. UNCONDITIONAL PROMISES TO GIVE

As of December 31, 2005, the Organization has unconditional promises to give from an individual donor. These unconditional promises are unrestricted. Unconditional promises to give are expected to be received within the next fiscal year.

As of December 31, 2004, the Organization has unconditional promises to give from two corporate donors. These unconditional promises are unrestricted. 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	
2006	$ 34,436
2007	35,736
2008	1,753
	$ 71,925

Rent expense was $30,027 and $28,600 for the years ended December 31, 2005 and 2004, 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 2005 and 2004.

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:	2005	2004
Operating expenses	$ 69,016	$ 123,962
Volunteer Programs	1,940	
Technology upgrades	15,035	16,535
	$ 85,991	$ 140,497

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004

7. TEMPORARILY RESTRICTED NET ASSETS

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

	2005	2004
Volunteer Programs	$ 15,825	$ 4,500
Operating Expenses	42,783	69,016
Technology Upgrades	-	15,035
	$ 58,608	$ 88,551