



BELLENFANT + MILES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Communication with Those Charged with Governance

To the Board of Directors
Hands on Nashville, Inc.
Nashville, Tennessee

We have audited the financial statements of Hands on Nashville, Inc. for the year ended December 31, 2010, and have issued our report thereon dated June 29, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 15, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Hands on Nashville, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 29, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

This information is intended solely for the use of Board of Directors and management of Hands on Nashville, Inc and is not intended to be and should not be used by anyone other than these specified parties.

Bellonfant & Miles, PLLC

June 29, 2011

HANDS ON NASHVILLE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2010 AND 2009

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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, 2010 and 2009, 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, 2010 and 2009, and the changes 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 29, 2011

HANDS ON NASHVILLE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2010 AND 2009

ASSETS

Current Assets	2010	2009
Cash and cash equivalents	\$ 981,378	\$ 113,182
Total Cash	981,378	113,182
Unconditional promises to give	13,880	4,633
Prepaid expenses	4,714	16,928
Total Current Assets	999,972	134,743
Computer and office equipment, net of accumulated depreciation	8,836	-
Total Assets	<u>\$ 1,008,808</u>	<u>\$ 134,743</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable and accrued expenses	\$ 11,089	\$ 6,618
Note payable	-	84,699
Total Current Liabilities	<u>11,089</u>	<u>91,317</u>
Net Assets		
Unrestricted	863,048	39,926
Temporarily restricted	134,671	3,500
Total Net Assets	<u>997,719</u>	<u>43,426</u>
Total Liabilities and Net Assets	<u>\$ 1,008,808</u>	<u>\$ 134,743</u>

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, 2010 AND 2009

	2010			2009		
	Temporarily		Total	Temporarily		Total
REVENUE	Unrestricted	Restricted		Unrestricted	Restricted	
Grants	\$ 104,549	\$ -	\$ 104,549	\$ 129,719	\$ 68,431	\$ 198,150
Contributions	1,215,306	793,171	2,008,477	71,835	71,252	143,087
Special events, net of direct costs	49,780	-	49,780	71,349	-	71,349
Program fees	215,448	-	215,448	147,034	-	147,034
Interest	2,322	-	2,322	14	-	14
Other	6,926	-	6,926	-	-	-
Net Assets released from restrictions	662,000	(662,000)	-	136,183	(136,183)	-
Total Revenue	\$ 2,256,331	\$ 131,171	\$ 2,387,502	\$ 556,134	\$ 3,500	\$ 559,634
EXPENSES						
Program services	1,288,368	-	1,288,368	456,811	-	456,811
Management and general	80,268	-	80,268	57,665	-	57,665
Fundraising	64,573	-	64,573	42,921	-	42,921
Total Expenses	1,433,209	-	1,433,209	557,397	-	557,397
CHANGE IN NET ASSETS	823,122	131,171	954,293	(1,263)	3,500	2,237
Net Assets, beginning of year	39,926	3,500	43,426	41,189	-	41,189
Net Assets, end of year	\$ 863,048	\$ 134,671	\$ 997,719	\$ 39,926	\$ 3,500	\$ 43,426

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, 2010

	<u>Program Services</u>		<u>Total</u>	<u>Management</u>		
	<u>Other Programs</u>	<u>Flood Relief</u>	<u>Program Services</u>	<u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and benefits	\$ 388,098	\$ 50,000	\$ 438,098	\$ 54,762	\$ 54,762	\$ 547,622
Payroll taxes	29,887	-	29,887	3,736	3,736	37,359
Rent	47,938	-	47,938	5,640	2,820	56,398
Postage	383	391	774	45	23	842
Supplies	8,315	26,059	34,374	2,351	719	37,444
			-			
Program supplies	105,536	25,000	130,536	-	-	130,536
Repairs and maintenance	7,841	-	7,841	-	-	7,841
Travel	3,260	1,362	4,622	-	-	4,622
Telephone	5,297	196	5,493	993	331	6,817
Depreciation	3,326	-	3,326	-	832	4,158
			-			
Professional fees	-	46,233	46,233	8,660	-	54,893
Dues and licenses	4,134	-	4,134	1,102	276	5,512
Insurance	794	-	794	42	-	836
Conferences and meetings	7,015	-	7,015	369	-	7,384
Rebuilding together	-	499,253	499,253	-	-	499,253
			-			
Technology	8,253	10,000	18,253	2,147	1,074	21,474
Meals and entertainment	7,994	-	7,994	421	-	8,415
Interest	448	-	448	-	-	448
Other	1,355	-	1,355	-	-	1,355
Total Functional Expenses	<u>\$ 629,874</u>	<u>\$ 658,494</u>	<u>\$ 1,288,368</u>	<u>\$ 80,268</u>	<u>\$ 64,573</u>	<u>\$ 1,433,209</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, 2009

	<u>Program Services</u>	<u>Management 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
Interest	1,476	-	-	1,476
Other	570	-	-	570
Total Functional Expenses	<u>\$ 456,811</u>	<u>\$ 57,665</u>	<u>\$ 42,921</u>	<u>\$ 557,397</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, 2010 AND 2009

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2010</u>	<u>2009</u>
Change in Net Assets	\$ 954,293	\$ 2,237
Adjustments to reconcile increase in net assets to net cash from operating activities		
Depreciation	4,158	-
(Increase) Decrease in:		
Unconditional promises to give	(9,247)	12,258
Prepaid expenses	12,214	(12,213)
Increase (Decrease) in:		
Accounts payable and accrued expenses	<u>4,471</u>	<u>(1,703)</u>
Net Cash Provided by Operating Activities	<u>965,889</u>	<u>579</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>(12,994)</u>	<u>-</u>
Net Cash Used by Investing Activities	<u>(12,994)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional borrowings	30,000	85,000
Payments on borrowings	<u>(114,699)</u>	<u>(25,301)</u>
Net Cash Provided by (Used by) Financing Activities	<u>(84,699)</u>	<u>59,699</u>
NET INCREASE IN CASH	868,196	60,278
Cash balance, beginning of year	<u>113,182</u>	<u>52,904</u>
Cash balance, end of year	<u><u>\$ 981,378</u></u>	<u><u>\$ 113,182</u></u>

Supplemental Information: Interest paid was \$448 and \$1,476 for the years ended December 31, 2010 and 2009, 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, 2010 AND 2009

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, 2010 the Organization received temporarily restricted contributions in the amount of \$793,171 designated for specific purposes. During 2009, the Organization received temporarily restricted contributions in the amount of \$139,683 designated for specific purposes.

As of December 31, 2010 and 2009, 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 (CONTINUED)

DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - CONTINUED

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.

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, 2010, the Organization coordinated efforts of over 181,000 volunteers. This was much higher than previous years due to the flood relief.

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 (CONTINUED)

DECEMBER 31, 2010 AND 2009

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, in a commercial bank located in Nashville, exceeded 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. Cash exceeded \$731,378 over the federally insured amount (\$250,000 at December 31, 2010).

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>2010</u>	<u>2009</u>
Computer and office equipment	\$ 55,911	\$ 55,053
Less: Accumulated depreciation	<u>(47,075)</u>	<u>(55,053)</u>
	<u>\$ 8,836</u>	<u>\$ -</u>

Depreciation expense was \$4,158 and \$0 for the years ended December 31, 2010 and 2009, respectively.

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, prepaid expenses, payables and accrued expenses:
The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments

4. UNCONDITIONAL PROMISES TO GIVE

As of December 31, 2010, 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 (CONTINUED)

DECEMBER 31, 2010 AND 2009

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 2011 and September 2014. Future minimum rentals under the leases are as follows:

Year Ending	Office Space	Office Equipment	Total
2011	\$ 48,750	\$ 3,635	\$ 52,385
2012	50,050	696	50,746
2013	-	696	696
2014	-	522	522
	<u>\$ 98,800</u>	<u>\$ 5,549</u>	<u>\$ 104,349</u>

Rent expense was \$56,398 and \$55,801 for the years ended December 31, 2010 and 2009, 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. Contributions to the plan were made in the amount of \$1,846 and \$0 for the years ending December 31, 2010 and 2009, respectively.

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, 2010

8. NOTE PAYABLE

The Organization has a line of credit available with a commercial bank in the amount of \$85,000. The balance was \$0 as of December 31, 2010. Interest is computed at the bank's prime rate which was 3.25% as of December 31, 2010. The loan is collateralized with the Organization's funds on deposit at the commercial bank. The loan matures on June 17, 2011.

HANDS ON NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2010 AND 2009

9. FLOOD RELIEF

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

10. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 29, 2011 which is the date the financial statements were available to be issued.

Donations were still being received in 2011 and expenses were still being paid as the flood relief efforts are ongoing