Member of Tennessee Society of
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STICKEL, CPA, PC

Lisa Mays Stickel
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Salvus Center, Inc.

I have audited the accompanying statements of assets, liabilities and net assets – modified cash basis of Salvus Center, Inc. (a nonprofit corporation) as of June 30, 2010 and 2009, and the related statements of support, revenue, expenses and changes in net assets – modified cash basis, functional expenses – modified cash basis and cash flows – modified cash basis for the years 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 audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits 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 audits provide a reasonable basis for my opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and net assets of Salvus Center, Inc. as of June 30, 2010 and 2009, and its support, revenues, expenses and changes in net assets and its cash flows for the years then ended, on the basis of accounting described in Note 1.

Stickel, CPA, PC

White House, Tennessee
November 29, 2010

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SALVUS CENTER, INC.
Statements of Assets, Liabilities and Net Assets -
Modified Cash Basis
June 30, 2010 and 2009

	2010	2009
ASSETS		
Current assets		
Cash	$ 145,793	$ 585,474
Investments	-	24,564
Other receivable	-	374
Total current assets	145,793	610,412
Property and equipment		
Land	277,979	-
Building	299,526	-
Medical and office equipment, furniture and fixtures	91,089	44,639
Software	18,301	18,080
Leasehold improvements	14,276	14,276
	701,171	76,995
Less accumulated depreciation	(66,865)	(40,455)
Property and equipment, net	634,306	36,540
Total assets	$ 780,099	$ 646,952
LIABILITIES AND NET ASSETS		
Total liabilities	$ -	$ -
Net assets		
Unrestricted	776,770	646,952
Temporarily restricted	3,329	-
Total net assets	780,099	646,952
Total liabilities and net assets	$ 780,099	$ 646,952

See notes to financial statements.

SALVUS CENTER, INC.
Statements of Support, Revenue, Expenses and Changes in Net Assets - Modified Cash Basis
Years Ended June 30, 2010 and 2009

	2010	2009
Unrestricted net assets		
Public support and revenues		
Patient fees	$ 101,233	$ 71,465
Fees for service contracts	63,201	43,965
Affiliate fees - Pathfinders	-	24,792
Contributions from faith communities	45,428	49,293
Contributions from individuals	59,062	54,940
Contributions from corporations	1,500	2,250
Foundation and trust grants	158,122	218,292
Non-profit grants	15,120	2,000
Government grants and reimbursements	103,439	77,257
Special event	31,958	28,580
Holiday card event	-	2,000
Donated use of facilities	2,694	33,100
Donated property and equipment	171,772	2,445
Donated services	2,632	2,528
Interest and dividend income	13,412	11,813
Net realized and unrealized gains (losses) on investments	5,630	(17,014)
Miscellaneous income	215	20
Net assets released from restrictions	671	21,500
Total unrestricted public support, revenues and reclassifications	776,089	629,226
Expenses		
Program services	508,082	478,118
Management and general	70,859	74,508
Fundraising	67,330	59,402
Total expenses	646,271	612,028
Increase in unrestricted net assets	129,818	17,198
Temporarily restricted net assets		
Contributions from individuals	4,000	-
Net assets released from restrictions	(671)	(21,500)
Increase (decrease) in temporarily restricted net assets	3,329	(21,500)
Total increase (decrease) in net assets	133,147	(4,302)
Net assets at beginning of year	646,952	651,254
Net assets at end of year	$ 780,099	$ 646,952

See notes to financial statements.

SALVUS CENTER, INC.
Statements of Functional Expenses -
Modified Cash Basis
Years Ended June 30, 2010 and 2009

	2010				2009			
		Supporting Services				Supporting Services		
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Salaries and wages	$ 270,620	$ 34,125	$ 7,875	$ 312,620	$ 242,917	$ 42,000	$ 5,250	$ 290,167
Payroll taxes	21,569	3,542	818	25,929	19,786	3,633	405	23,824
Employee benefits	17,918	5,942	2,644	26,504	20,525	4,154	-	24,679
Advertising	-	-	-	-	-	273	-	273
Conferences	-	55	55	110	215	-	-	215
Contract medical services	51,058	-	-	51,058	38,933	-	-	38,933
Contributions	-	-	-	-	-	1,275	-	1,275
Depreciation and amortization	16,717	9,256	437	26,410	14,013	740	456	15,209
Fundraising consultant	-	-	36,000	36,000	-	-	39,000	39,000
Insurance	24,154	1,862	7	26,023	24,277	2,424	100	26,801
Janitorial services	5,120	1,640	-	6,760	5,620	790	-	6,410
Licenses and permits	400	340	-	740	400	365	-	765
Meals and entertainment	135	155	-	290	403	510	-	913
Medical supplies	4,995	-	-	4,995	3,460	-	-	3,460
Medical waste disposal	1,357	-	-	1,357	1,165	-	-	1,165
Membership dues	225	290	-	515	-	382	-	382
Miscellaneous	699	1,402		2,101	379	954	-	1,333
Office supplies	5,568	233	235	6,036	5,898	626	92	6,616
Patient assistance	9,516	-	-	9,516	8,356	-	-	8,356
Payroll processing fees	-	861	-	861	47	662	-	709
Postage	1,226	64	2,119	3,409	944	339	746	2,029
Printing	1,746	132	1,637	3,515	1,504	486	1,432	3,422
Professional fees	360	6,422	-	6,782	-	6,728	-	6,728
Public relations/marketing	-	-	-	-	1,115	900	50	2,065
Recognition appreciation	-	627	-	627	-	653	300	953
Rent expense	54,097	1,556	-	55,653	71,939	4,398	-	76,337
Special event	-	-	15,430	15,430	-	-	11,571	11,571
Staff development	1,843	-	-	1,843	590	199	-	789
Technical support	4,405	-	-	4,405	6,084	-	-	6,084
Telephone	5,139	1,855	73	7,067	5,614	2,017	-	7,631
Utilities	9,215	500	-	9,715	3,934	-	-	3,934
Total expenses	$ 508,082	$ 70,859	$ 67,330	$ 646,271	$ 478,118	$ 74,508	$ 59,402	$ 612,028

See notes to financial statements.

SALVUS CENTER, INC.
Statements of Cash Flows -
Modified Cash Basis
Years Ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities		
Increase (decrease) in net assets	$ 133,147	$ (4,302)
Adjustments to reconcile (decrease) increase in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	26,410	15,209
Contributions of property and equipment	(171,772)	(2,445)
Net realized and unrealized (gains) losses on investments	(5,630)	17,014
Decrease in other receivable	374	-
Net cash (used) provided by operating activities	(17,471)	25,476
Cash flows from investing activities		
Proceeds from sales of marketable securities	30,318	-
Dividends reinvested to purchase investments	(124)	(652)
Purchase of property and equipment	(452,404)	(12,263)
Net cash used by investing activities	(422,210)	(12,915)
Net (decrease) increase in cash	(439,681)	12,561
Cash, beginning of year	585,474	572,913
Cash, end of year	$ 145,793	$ 585,474
Supplemental disclosure of non-cash investing activities		
Contributions of property and equipment	$ 171,772	$ 2,445

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

A. Organization and Nature of Activities

Inspired by the Biblical mandate to care for the sick and the needy, a diverse group of Sumner County's leading citizens came together in fall 2004 to found Salvus Clinic, a faith-based nonprofit organization dedicated to providing healthcare for the working uninsured in Sumner County, Tennessee. In February 2005, the charter was amended to change the name to the Salvus Center, Inc. (the "Center"). The Center is chartered and incorporated under the laws of Tennessee as a nonprofit corporation. The Center opened its first health care clinic in Gallatin, Tennessee in March 2006 for residents of the county who work but do not have health insurance. A second health care clinic was opened in July 2008 in Hendersonville, Tennessee. Patients are seen, treated and pay fees according to a sliding scale. Contributions received from foundations, faith communities, individuals and businesses located in the Middle Tennessee region and government grants are the Center's primary sources of support.

B. Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, revenues are recognized when collected and expenses are recognized when paid. The donated use of facilities, donated professional services and property and equipment purchased and received as contributions are recognized in these financial statements.

C. Financial Statement Presentation

The net assets of the Center and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time.

D. Estimates

The accompanying financial statements contain estimates and assumptions by management that affects certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes bank demand deposit accounts, money market accounts, certificates of deposit and cash on hand. The Center had no cash equivalents for the years ended June 30, 2010 and 2009.

Note 1. Summary of Significant Accounting Policies - Continued

F. Fair Value Measurements

Assets and liabilities measured at fair value are recorded in accordance with FASB ASC 820-10, which clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, FASB ASC 820-10 establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 Inputs – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.

Level 2 Inputs – Inputs other than quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Unobservable inputs in which there is little or no market data, which requires management to develop their assumptions.

G. Investments

Investments in equity securities with readily determinable fair values and mutual funds are reported at their fair values in the statement of assets, liabilities and net assets – modified cash basis. The fair values for these investments are based on quoted market prices. Donated securities are recognized at the fair value on date of the contribution. All interest, dividends and realized and unrealized gains and losses are reported in the statements of support, revenue, expenses and changes in net assets – modified cash basis as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

H. Property and Equipment

The Center capitalizes property and equipment acquisitions in excess of $1,000 with an estimated useful life in excess of one year. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Property and equipment are depreciated using the 200% declining balance method over their estimated useful lives, which range from 5 to 7 years. The building is depreciated using the straight line method over the estimated useful life of 40 years. Software is amortized using the straight-line method over their estimated useful lives of 3 years. Leasehold improvements are depreciated over the lease term of 39 months for the Hendersonville clinic.

I. Advertising

The Center expenses advertising costs as they are incurred. Advertising expenses are $0 and $273 for the years ended June 30, 2010 and 2009, respectively.

Note 1. Summary of Significant Accounting Policies - Continued

J. Functional Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program, supporting services benefited and fundraising efforts by the Center.

K. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as unrestricted. Otherwise, when a 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 statements of support, revenue, expenses and changes in net assets – modified cash basis as net assets released from restrictions.

L. Contributed Services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Volunteers also provide program and fundraising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

M. Income Taxes

The Center is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

N. Newly Adopted Accounting Principle

The Center adopted the provisions of *FASB* *ASC (Accounting Standards Codification) No. 740, Accounting for Uncertainty in Income Taxes*, on July 1, 2009. As a result of the implementation of ASC No. 740, the Organization has not recognized any respective liability for unrecognized tax benefits as it has no known tax positions that would subject the Organization to any material income tax exposure. A reconciliation of the beginning and ending amount of unrecognized tax benefits is not included, nor is there any interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses as there are no unrecognized tax benefits. The tax years that remain subject to examination are the years beginning on July 1, 2006 for all major tax jurisdictions.

O. Reclassifications

Certain reclassifications have been made to the financial statements as of and for the year ended June 30, 2009 to conform to 2010 presentation.

Note 2. Investments

Investments as of June 30, 2010 and 2009 are summarized as follows:

	2010		2009	
	Fair Value	Basis	Fair Value	Basis
Mutual Funds	$ -	$ -	$ 13,893	$ 21,023
Stocks	-	-	10,671	33,028
Totals	$ -	$ -	$ 24,564	$ 54,051

Note 3. Fair Value Measurements

The following assets carried at fair value are reviewed and adjusted on a recurring basis as of June 30, 2009. There were no investments on hand at June 30, 2010.

Asset	Fair Value June 30, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments	$ 24,564	$ 24,564

Note 4. Property and Equipment

Depreciation and amortization expense for the years ended June 30, 2010 and 2009 are $26,410 and $15,209, respectively. Donated property and equipment for the years ended June 30, 2010 and 2009 are $171,772 and $2,445, respectively.

Note 5. Line of Credit

During the year ended June 30, 2010, the Center entered into an agreement with a bank for a line of credit. The total amount of the line available to the Center is $150,000 with an interest rate of 4.5%. There were no draws on the line of credit for the year ended June 30, 2010. The Deed of Trust on the property located at 556 Hartsville Pike, Gallatin, Tennessee is the collateral for the line of credit. The maturity date of the line of credit is February 25, 2011.

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following at June 30, 2010 and 2009:

	2010	2009
Restricted for computer and software	$ 3,329	$ -

Note 6. Temporarily Restricted Net Assets - Continued

Temporarily restricted net assets were released from donor restrictions for the years ended June 30, 2010 and 2009 as follows:

	2010	2009
Use restriction met	$ 671	$ -
Time restriction satisfied	$ -	$ 21,500

Note 7. Donated Services and Assets

The value of donated services and assets included in the financial statements and the corresponding expenditure or asset capitalization for the years ended June 30, 2010 and 2009 are as follows:

	2010	2009
Public Support and Revenues		
Donated services	$ 2,632	$ 2,528
Donated property and equipment	171,772	2,445
Donated use of facilities	2,694	33,100
Totals	$ 177,098	$ 38,073
Expenses		
Rent expense	$ 2,694	$ 33,100
Professional fees	2,632	2,528
Total expenses	$ 5,326	$ 35,628
Assets		
Land and Building	$ 171,772	$ -
Medical and office equipment, furniture and fixtures	-	2,445
Total donated assets	$ 171,772	$ 2,445

Note 8. Related Party Transactions

The Center receives in-kind and cash contributions from Board members. It is not cost beneficial to identify the total amounts of these transactions.

Note 8. Related Party Transactions - Continued

The Center leased the clinic in Gallatin, Tennessee as a sublease as discussed in Note 9 until February 22, 2010. An equity owner of the building that is leased to Sumner Regional Health Systems is also an employee and board member of the Center. The building was purchased on February 22, 2010 for a total cash price of $451,783. The fair value of the property on the date of purchase was estimated to be $620,000. Donated property and equipment are recognized in the accompanying financial statements in the amount of $171,722 for the year ended June 30, 2010. The donated amount includes donated closing costs in the amount of $3,505.

Note 9. Operating Lease Commitments

The Center had an operating sublease for its Gallatin clinic with Sumner Regional Health Systems, Inc. The clinic is located at 556 Hartsville Pike, Suite #200, in Gallatin, Tennessee. The leased space consists of 2,045 rentable square feet. The lease was dated February 17, 2006 with a lease term beginning on March 1, 2006 and ending on January 31, 2010. An amendment to the sublease was entered into on February 1, 2009. The new term of the lease begins on March 1, 2009 and ends on January 31, 2010. The Center had negotiated the lease for annual payments of $0 on the original lease. The fair market value of the office space is a base of $19.16 per square foot for the first three years of the lease with the amount increasing to $20.17 the fourth year. The fair market value of the office space also includes amounts for common area maintenance, insurance and taxes at $3.03 per square foot for the first year and this amount will be adjusted in subsequent years. This amount did increase to $3.12 per square foot effective March 1, 2007 and to $3.21 per square foot effective March 1, 2008. The fair market value of the donated rent for the years ended June 30, 2010 and 2009 are $0 and $30,406, respectively. These amounts have been recognized in the accompanying financial statements as donated use of facilities and rent expense. The lease payments on the amended sublease are payable in monthly payments of $3,268 which includes taxes and insurance. The total rent paid for the years ended June 30, 2010 and 2009 on the amended sublease was $22,874 and $13,071, respectively. The Center purchased the building on February 22, 2010.

The Center has an operating sublease for its Hendersonville clinic with Andrew S. Boskind. The lease was dated April 10, 2008 with a lease term beginning on May 15, 2008 and ending on January 15, 2009. The Hendersonville clinic is located at 107 Imperial Boulevard, Suite #3, Hendersonville, Tennessee. The leased space consists of 2,020 rentable square feet. The Center has negotiated the lease for monthly payments of $2,694. A new lease agreement was entered into on January 23, 2009 with JBE, LLC for the Hendersonville clinic. The term of the lease is thirty nine months beginning on January 15, 2009 and ending on April 14, 2012. There is no rent due for the first, fourteenth and twenty seventh months. The total rent expense paid during the years ended June 30, 2010 and 2009 is $29,634 and $29,634, respectively for the Hendersonville clinic. The first and fourteenth months of the lease dated January 23, 2009 was recorded in the accompanying financial statements as donated use of facilities and rent expense in the amounts of $2,694 and $2,694 for the years ended June 30, 2010 and 2009, respectively.

Note 9. Operating Lease Commitments - Continued

The future minimum lease payments on the Hendersonville lease dated January 23, 2009 are as follows:

Years Ending June 30,	Amount
2011	$ 29,634
2012	24,246
Total	$ 53,880

Note 10. Concentrations

The Center received approximately 57% and 53% of its total support and revenues from donors who contributed cash, in-kind property and professional services for the years ended June 30, 2010 and 2009, respectively. During the year ended June 30, 2010, there were three donors that contributed 62% of the cash and donated contributions. During the year ended June 30, 2009, there were five donors that contributed 61% of the cash contributions.

Government grants and reimbursements accounted for 13% and 12% of the total support and revenues for the years ended June 30, 2010 and 2009, respectively.

Note 11. Management's Review

The Organization has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2010 through November 29, 2010, the date the financial statements were available to be issued.