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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, 2008 and 2007 (restated), 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, 2008 and 2007 (restated), 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.

As discussed in Note 10 to the financial statements, the Organization now includes the donated use of facilities and donated professional services in the financial statements for the year ended June 30, 2008.

Stickel, CPA

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SALVUS CENTER, INC.
Statements of Assets, Liabilities and Net Assets - Modified Cash Basis
June 30, 2008 and 2007

	2008	Restated 2007
ASSETS		
Current assets		
Cash	$ 572,913	$ 410,843
Investments	40,926	13,604
Other receivable	374	374
Total current assets	614,213	424,821
Property and equipment		
Assets not placed in service - Hendersonville clinic	9,168	-
Construction in progress - Hendersonville clinic	3,534	-
Medical and office equipment, furniture and fixtures	29,730	26,815
Software	18,080	8,400
Leasehold improvements	1,775	1,775
	62,287	36,990
Less accumulated depreciation	(25,246)	(14,111)
Property and equipment, net	37,041	22,879
Total assets	$ 651,254	$ 447,700
LIABILITIES AND NET ASSETS		
Total liabilities	$ -	$ -
Net assets		
Unrestricted	629,754	447,700
Temporarily restricted	21,500	-
Total net assets	651,254	447,700
Total liabilities and net assets	$ 651,254	$ 447,700

The accompanying notes are an integral part of these statements.

SALVUS CENTER, INC.
Statements of Support, Revenue, Expenses and Changes in Net Assets - Modified Cash Basis
Years Ended June 30, 2008 and 2007

	2008	Restated 2007
Unrestricted net assets		
Public support and revenues		
Patient fees	$ 48,019	$ 39,855
Fees for service contracts	21,327	5,648
Affiliate fees - Pathfinders	35,000	35,000
Contributions from faith communities	57,134	63,357
Contributions from individuals	142,710	96,574
Contributions from corporations	6,077	1,286
Other contributions	2,925	-
Foundation and trust grants	120,101	70,398
Non-profit grants	2,598	1,000
Government grants and reimbursements	53,735	31,314
Special event	25,695	29,730
Holiday card event	4,215	4,576
Donated use of facilities	45,563	45,440
Donated property and equipment	21,763	2,507
Donated services	4,940	-
Interest and dividend income	15,774	6,806
Net unrealized (losses) gains on investments	(12,343)	374
Miscellaneous income	142	-
Net assets released from restrictions	-	208,480
Total unrestricted public support, revenues and reclassifications	595,375	642,345
Expenses		
Program services	288,808	239,157
Management and general	67,366	48,413
Fundraising	57,147	66,410
Total expenses	413,321	353,980
Increase in unrestricted net assets	182,054	288,365
Temporarily restricted net assets		
Foundation and trust grants	21,500	-
Net assets released from restrictions	-	(208,480)
Increase (decrease) in temporarily restricted net assets	21,500	(208,480)
Total increase in net assets	203,554	79,885
Net assets at beginning of year	447,700	634,149
Change in accounting method	-	(266,334)
Net assets at end of year	$ 651,254	$ 447,700

The accompanying notes are an integral part of these statements.

SALVUS CENTER, INC.
Statements of Functional Expenses -
Modified Cash Basis
Years Ended June 30, 2008 and 2007

	2008				Restated 2007			
		Supporting Services				Supporting Services		
	Program Services	Management & General	Fundraising	Total	Program Services	Management & General	Fundraising	Total
Salaries and wages	$ 142,986	$ 41,923	$ 5,240	$ 190,149	$ 129,473	$ 26,680	$ 11,218	$ 167,371
Payroll taxes	14,392	569	570	15,531	10,611	2,685	1,608	14,904
Employee benefits	3,023	2,620	512	6,155	1,811	164	-	1,975
Advertising	440	440	440	1,320	544	760	-	1,304
Conferences	-	-	-	-	-	115	-	115
Contract medical services	16,873	-	-	16,873	9,502	-	-	9,502
Depreciation and amortization	9,857	853	425	11,135	7,594	1,027	621	9,242
Fundraising consultant	-	-	33,033	33,033	-	-	33,000	33,000
Hospital patient assistance	4,818	-	-	4,818	-	-	-	-
Insurance	20,977	2,156	126	23,259	23,192	2,217	-	25,409
Interest and penalties	-	-	-	-	-	180	-	180
Investment fees	-	1	-	1	-	15	-	15
Janitorial services	2,320	800	30	3,150	2,180	860	80	3,120
Marketing	-	-	-	-	-	260	-	260
Meals and entertainment	657	730	-	1,387	328	223	-	551
Medical supplies	2,653	-	-	2,653	1,366	-	-	1,366
Medical waste disposal	522	-	-	522	-	-	-	-
Membership dues	42	531	42	615	-	595	-	595
Miscellaneous	608	21	-	629	303	133	-	436
Office supplies	3,138	1,269	770	5,177	2,952	991	538	4,481
Payroll processing fees	747	86	75	908	1,067	266	173	1,506
Postage	546	200	784	1,530	574	200	830	1,604
Printing	1,186	763	2,657	4,606	135	135	1,701	1,971
Professional fees	3,860	6,330	-	10,190	1,917	2,383	1,750	6,050
Recognition appreciation	-	7	-	7	-	271	130	401
Special event	-	-	12,061	12,061	-	-	14,098	14,098
Staff development	4,250	15	-	4,265	200	12	12	224
State taxes	400	20	250	670	400	-	300	700
Rent and other occupancy	46,020	6,964	35	53,019	39,014	6,882	-	45,896
Technical support	5,619	-	-	5,619	2,348	72	71	2,491
Telephone	2,636	1,068	97	3,801	3,375	1,287	280	4,942
Travel	238	-	-	238	271	-	-	271
Total expenses	$ 288,808	$ 67,366	$ 57,147	$ 413,321	$ 239,157	$ 48,413	$ 66,410	$ 353,980

The accompanying notes are an integral part of these statements.

SALVUS CENTER, INC.
Statements of Cash Flows -
Modified Cash Basis
Years Ended June 30, 2008 and 2007

	2008	Restated 2007
Cash flows from operating activities		
Increase in net assets	$ 203,554	$ 79,885
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	11,135	9,242
Contributions of property and equipment	(21,763)	(2,507)
Donated securities included in contributions	(39,256)	(8,746)
Net unrealized losses (gains) on investments	12,343	(374)
(Increase) decrease in:		
Other receivable	-	(355)
Net cash provided by operating activities	166,013	77,145
Cash flows from investing activities		
Dividends reinvested to purchase investments	(409)	-
Purchase of property and equipment	(3,534)	(975)
Net cash used by investing activities	(3,943)	(975)
Net increase in cash	162,070	76,170
Cash, beginning of year	410,843	334,673
Cash, end of year	$ 572,913	$ 410,843
Supplemental disclosure of non-cash investing activities		
Contributions of property and equipment	$ 21,763	$ 2,507
Donated marketable securities	$ 39,256	$ 8,746

The accompanying notes are an integral part of these statements.

Note 1. Nature of Activities and Significant Accounting Policies

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. Patients are seen, treated and pay fees according to a sliding scale. Contributions received from foundations, faith communities, individuals and business located in the Middle Tennessee region are the Center's primary sources of support.

Change in Accounting Method

The Center voluntarily changed its accounting method from the accrual basis to the modified cash basis of accounting effective July 1, 2006. The change was based upon the belief that the modified cash basis of accounting more accurately reports the financial results of the Center's activities.

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.

Financial Statement Presentation

Information regarding the Center's financial position and activities are reported in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Center has not received any permanently restricted contributions.

Unrestricted net assets include resources that are not temporarily or permanently restricted by the donor and are available for operations of the entity without limitation. Unrestricted net assets also include resources restricted by donor-imposed criteria for which the restrictions are met within the same time period as the funds are received.

Temporarily restricted net assets include those resources subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from donor restrictions.

Note 1. Nature of Activities and Significant Accounting Policies – Continued

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.

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, 2008 and 2007.

Investments

Investments in equity securities with readily determinable fair values are measured at market value in the statement of financial position. The fair values for the equity securities are based on quoted market prices.

Gains and losses on dispositions of investments are accounted for on a specific identification basis. There were no dispositions of investments for the years ended June 30, 2008 and 2007. Net realized and unrealized gains and losses are included in the statement of activities.

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. Software is amortized using the straight-line method over their estimated useful lives of 3 years. Leasehold improvements are depreciated over a life of 39 years.

Donated Services

Donated services are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. Volunteers also provided program and fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under SFAS No. 116 were not met.

The value of donated services included in the financial statements for the years ended June 30, 2008 and 2007 are $4,940 and $0, respectively. These amounts are recorded as professional fees in the financial statements.

Note 1. Nature of Activities and Significant Accounting Policies – Continued

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.

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.

Advertising

The Center expenses advertising costs as they are incurred. Advertising expenses are $1,320 and $1,304 for the years ended June 30, 2008 and 2007, respectively.

Reclassifications

Certain reclassifications have been made to the financial statements as of and for the year ended June 30, 2007 to conform to 2008 presentation.

Note 2. Investments

Investments contributed by donors consist of common stocks and mutual funds. These investments are carried at the fair market value on June 30, 2008 and 2007 using quoted market prices. There were investment fees of $1 and $15 for the years ended June 30, 2008 and 2007.

	2008		2007	
	Fair Value	Basis	Fair Value	Basis
Mutual Funds	$ 18,152	$ 20,752	$ 5,400	$ 4,865
Stocks	22,774	32,891	8,204	8,365
Totals	$ 40,926	$ 53,643	$ 13,604	$ 13,230

Note 3. Property and Equipment

Assets not placed in service in the amount of $9,168 and construction in progress in the amount of $3,534 at June 30, 2008 are for the Hendersonville clinic that opened subsequent to June 30, 2008.

Depreciation and amortization expense for the years ended June 30, 2008 and 2007 are $11,135 and $9,242, respectively. Donated property and equipment for the years ended June 30, 2008 and 2007 are $21,763 and $2,507, respectively.

Note 4. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following at June 30, 2008 and 2007.

	2008	2007
Grant time restriction	$ 21,500	$ -

Temporarily restricted net assets were released from donor restrictions for the years ended June 30, 2008 and 2007 as follows:

	2008	2007
Grant expenses	$ -	$ 208,480

Note 5. Operating Lease Commitments

The Center has an operating lease for its Gallatin clinic with Sumner Regional Health Systems, Inc. The lease was dated February 17, 2006 with a lease term beginning on March 1, 2006 and ending on January 31, 2010. The clinic is located at 556 Hartsville Pike, Suite #200, in Gallatin, Tennessee. The leased space consists of 2,045 rentable square feet. The Center has negotiated the lease for annual payments of $0. 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, 2008 and 2007 are $45,563 and $45,440, respectively. These amounts have been recognized in the accompanying financial statements as donated use of facilities and rent expense.

The Center has an operating sublease for its Hendersonville clinic (see subsequent event Note 11) 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. The total rent expense paid during the year ended June 30, 2008 is $5,388.

Note 6. Concentration of Credit Risk

Financial instruments that potentially subject the Clinic to concentrations of credit risk consist principally of cash accounts with financial institutions. Cash deposits exceeding federally insured limits totaled $290,353 and $133,946 at June 30, 2008 and 2007, respectively. The Clinic has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Note 7. Concentrations

The Clinic received approximately 66% and 61% of its total support and revenues from donors who contributed cash and in-kind property contributions for the years ended June 30, 2008 and 2007, respectively. During the year ended June 30, 2008, there were two donors that contributed 27% of the cash contributions. During the year ended June 30, 2007, there was one donor that contributed 21% of the cash contributions.

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.

The Center leases the clinic as a sublease as discussed in Note 5 above. The owner of the clinic is a board member and employee who leases the space to Sumner Regional Health Systems.

Note 9. Change in Accounting Method

As discussed in Note, 1, the Center voluntarily changed its accounting method from the accrual basis to the modified cash basis of accounting effective July 1, 2006. The change decreased net assets $266,334 for the year ended June 30, 2007. The change is from the balances in the following accounts at June 30, 2006.

Unconditional promises to give, net	$ 256,290
Prepaid expenses	4,902
Inventory	10,431
Accounts payable	(1,084)
Accrued payroll and payroll taxes	(4,205)
Net change to net assets	$ 266,334

Note 10. Restatement of 2007 Financial Statements

The Center determined during the fiscal year ended June 30, 2008, that donated use of facilities and donated professional services should be recorded on the financial statements prepared on the modified basis of accounting. These had not been recorded in previous years. In order for the consistent application of accounting principles for the years ended June 30, 2008 and 2007, the amounts were restated for the year ended June 30, 2007 to correct the error. The effect of the correction of the error was an increase in the total unrestricted public support, revenues and reclassifications in the amount of $45,440 for the donated use of facilities for the year ended June 30, 2007. The value of donated services was not considered material and therefore is not restated. The rent and other occupancy expense increased by $45,440 as a result of the restatement for the year ended June 30, 2007. The functional allocation of the restatement increased program services in the amount of $38,624 and increased management and general expenses in the amount of $6,816 for the year ended June 30, 2007. There was no effect on the change in net assets for the year ended June 30, 2007. The restatements are reflected on the

Note 10. Restatement of 2007 Financial Statements - Continued

statements of support, revenue and changes in net assets – modified cash basis for the years ended June 30, 2008 and 2007.

Note 11. Subsequent Event

The Center opened a second clinic located in Hendersonville, Tennessee on July 28, 2008.