CONTENTS

Independent Auditor's Report	1
Financial Statements	
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis	2
Statement of Support, Revenue, Expenses and Changes in Net Assets - Modified Cash Basis	3
Statement of Functional Expenses - Modified Cash Basis	4
Statement of Cash Flows - Modified Cash Basis	5
Notes to Financial Statements	6 - 10

Member of Tennessee Society of Certified Public Accountants

STICKEL, CPA

Lisa Mays Stickel

Certified Public Accountant

Member of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Salvus Center, Inc.

I have audited the accompanying statement of assets, liabilities and net assets – modified cash basis of Salvus Center, Inc. (a nonprofit corporation) as of June 30, 2007, 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 year 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 audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides 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, 2007, and its support, revenues, expenses and changes in net assets and its cash flows for the year then ended, on the basis of accounting described in Note 1.

Stickel, CPA

White House, Tennessee
November 14, 2007

Office: 615.672.9205 • Cell: 615.351.9708 • Fax: 615.672.8783 • e-mail: lstickel@bellsouth.net
Physical address: 404 Highway 76, White House, TN 37188
Mailing address: P. O. Box 549 • White House, TN 37188

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

ASSETS

Current assets		
Cash	$	410,843
Investments		13,604
Other receivable		374
Total current assets		424,821
Property and equipment		
Medical and office equipment, furniture and fixtures		26,815
Software		8,400
Leasehold improvements		1,775
		36,990
Less accumulated depreciation		(14,111)
Property and equipment, net		22,879
Total assets	$	447,700

LIABILITIES AND NET ASSETS

Total liabilities	$	-
Net assets		
Unrestricted		447,700
Total liabilities and net assets	$	447,700

The accompanying notes are an integral part of this statement.

SALVUS CENTER, INC.
Statement of Support, Revenue, Expenses and Changes in Net Assets
Modified Cash Basis
For the Year Ended June 30, 2007

Unrestricted net assets	
Public support and revenues	
Patient fees	$ 39,855
Fees for service contracts	40,648
Contributions from faith communities	63,357
Contributions from individuals	96,574
Contributions from corporations	1,286
Foundation and trust grants	70,398
Non-profit grants	1,000
Government grants	30,925
Government reimbursements	389
June event	29,730
Holiday card event	4,576
Donated property and equipment	2,507
Interest and dividend income	6,806
Net unrealized gains on investment	374
Net assets released from restrictions	208,480
Total unrestricted public support, revenues and reclassifications	596,905
Expenses	
Program services	200,533
Management and general	41,597
Fundraising	66,410
Total expenses	308,540
Increase in unrestricted net assets	288,365
Temporarily restricted net assets	
Net assets released from restrictions	(208,480)
Decrease in temporarily restricted net assets	(208,480)
Total increase in net assets	79,885
Net assets at beginning of year	634,149
Change in accounting method	(266,334)
Net assets at end of year	$ 447,700

The accompanying notes are an integral part of this statement.

SALVUS CENTER, INC.
Statement of Functional Expenses
Modified Cash Basis
For the Year Ended June 30, 2007

	Program Services	Supporting Services: Management & General	Supporting Services: Fundraising	Total
Salaries and wages	$129,473	$ 26,680	$ 11,218	$167,371
Payroll taxes	10,611	2,685	1,608	14,904
Employee benefits	1,811	164	-	1,975
Advertising	544	760	-	1,304
Conferences	-	115	-	115
Contracted services	9,502	-	-	9,502
Depreciation and amortization	7,594	1,027	621	9,242
Fundraising consultant	-	-	33,000	33,000
Insurance	23,192	2,217	-	25,409
Interest and penalties	-	180	-	180
Investment fees	-	15	-	15
Janitorial services	2,180	860	80	3,120
June event	-	-	14,098	14,098
Marketing	-	260	-	260
Meals and entertainment	328	223	-	551
Medical supplies	1,366	-	-	1,366
Membership dues	-	595	-	595
Miscellaneous	303	133	-	436
Office supplies	2,952	991	538	4,481
Payroll processing fees	1,067	266	173	1,506
Postage	574	200	830	1,604
Printing	135	135	1,701	1,971
Professional fees	1,917	2,383	1,750	6,050
Recognition appreciation	-	271	130	401
Staff development	200	12	12	224
State taxes	400	-	300	700
Storage	390	66	-	456
Technical support	2,348	72	71	2,491
Telephone	3,375	1,287	280	4,942
Travel	271	-	-	271
Total expenses	$200,533	$ 41,597	$ 66,410	$308,540

The accompanying notes are an integral part of this statement.

SALVUS CENTER, INC.
Statement of Cash Flows
Modified Cash Basis
For the Year Ended June 30, 2007

Cash flows from operating activities		
Increase in net assets	$	79,885
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization		9,242
Contributions of property and equipment		(2,507)
Donated securities included in contributions		(8,746)
Net unrealized gains on investment		(374)
(Increase) decrease in:		
Other receivable		(355)
Net cash provided by operating activities		77,145
Cash flows from investing activities		
Purchase of property and equipment		(975)
Net cash used by investing activities		(975)
Net increase in cash		76,170
Cash, beginning of period		334,673
Cash, end of period	$	410,843
Supplemental disclosure of non-cash investing activities		
Property and equipment contributed	$	2,507

The accompanying notes are an integral part of this statement.

SALVUS CENTER, INC.
Notes to Financial Statements
For the Year Ended June 30, 2007

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 modified cash basis includes property and equipment purchased and received as contributions.

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.

SALVUS CENTER, INC.
Notes to Financial Statements - Continued
For the Year Ended June 30, 2007

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 year ended June 30, 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 year ended June 30, 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 $500 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, Goods, Assets and Facilities

The Center receives donated services from a variety of volunteers. No amounts have been recognized in the accompanying statement of support, revenue, expenses and changes in net assets - modified cash basis because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied and because only services that create or improve property and equipment are recognized when accounts are maintained on the modified cash basis of accounting.

SALVUS CENTER, INC.
Notes to Financial Statements - Continued
For the Year Ended June 30, 2007

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 expense is $1,304 for the year ended June 30, 2007.

Note 2. Investments

The investments at June 30, 2007 are common stocks and mutual funds that were contributed by donors. The market value on June 30, 2007 is $13,604. There was an unrealized gain for the year ended June 30, 2007 in the amount of $374. There were investment fees of $15 for the year ended June 30, 2007.

Note 3. Property and Equipment

Depreciation and amortization expense for the year ended June 30, 2007 is $9,242. Donated property and equipment for the year ended June 30, 2007 is $2,507.

Note 4. Temporarily Restricted Net Assets

Net assets were released from donor restrictions as follows:

Grant expenses	$ 208,480

Note 5. Operating Lease Commitment

The Center has an operating lease for its 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

SALVUS CENTER, INC.
Notes to Financial Statements - Continued
For the Year Ended June 30, 2007

Note 5. Operating Lease Commitment - Continued

be adjusted in subsequent years. This amount did increase to $3.12 per square foot effective March 1, 2007. No amounts have been recognized in the accompanying financial statements prepared on the modified cash basis of accounting.

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 $133,946 at June 30, 2007. 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 74% of its total support and revenues from donors who contributed cash and in-kind property contributions. There was one donor that contributed 21% of these 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

SALVUS CENTER, INC.
Notes to Financial Statements - Continued
For the Year Ended June 30, 2007

Note 10. Contingent Liability

Sumner Regional Medical Center has requested payment for patients seen at their facility who should have been referred to another facility. The payment amount is negotiable and the ultimate payment could range from $0 to $30,000.

Note 11. Subsequent Event

The Center is in the process of pursuing the opening of a second medical site to be located in Hendersonville, Tennessee. No lease agreements or contracts have been signed as of November 14, 2007.