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VALERIUS SANFORD
1923-2001

November 21, 2006

Hon. Sara Kyle, Chairman
c/o Sharla Dillon, Docket Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

RE: Application of Community Initiative for a Certificate of Public Convenience and Necessity to Provide Natural Gas Services in Certain Areas of Macon County, Tennessee (including within the City of Red Boiling Springs); to Approve the Transfer of Customers and Certain Assets and Customers of RBS Gas Utility, Inc.; to Approve Franchise from The City of Red Boiling Springs; to Confirm Cancellation of Special Contract of RBS Utility, Inc.; and to Set Rates and Approve Tariff

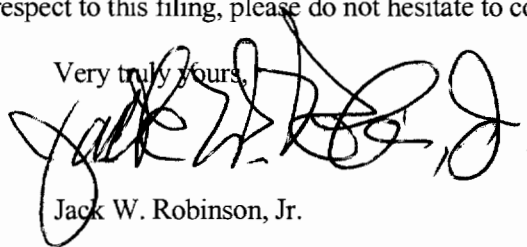
Docket No.: 06-00281

Dear Chairman Kyle:

Enclosed for filing is an original and 14 copies of Community Initiative's response to the TRA Staff's First Data Request to it. Please stamp one copy of the all of the documents "filed" and return it to me for my files.

Should you have any questions with respect to this filing, please do not hesitate to contact me.

Very truly yours,



Jack W. Robinson, Jr.

JWRjr:plw
Enclosures

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VALERIUS SANFORD
1923-2001

November 21, 2006

Ms. Darlene Standley, Chief
Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

RE: Application of Community Initiative for a Certificate of Public Convenience and Necessity to Provide Natural Gas Services in Certain Areas of Macon County, Tennessee (including within the City of Red Boiling Springs); to Approve the Transfer of Customers and Certain Assets and Customers of RBS Gas Utility, Inc.; to Approve Franchise from The City of Red Boiling Springs; to Confirm Cancellation of Special Contract of RBS Utility, Inc.; and to Set Rates and Approve Tariff

Docket No. 06-00281

Dear Ms. Standley:

In response to your data request of November 15, 2006, enclosed are the following responses and documents from Community Initiative ("CI"):

1. Please provide the specific duties that Mr. Tim Scott will perform at AUI, LLC ("AUI").

RESPONSE: Tim Scott will assist with the day to day operation of the natural gas system. His duties will include simple maintenance, new and existing customer hook-ups, service disconnection, inspection of expansion projects, and emergency response to customers.

2. The Application states that CI works with government agencies to provide facilities and business operations for communities where such communities cannot otherwise afford, or do not have the business infrastructure to do so. What other government agencies has CI or Middle Tennessee Helping Hands worked with?

RESPONSE: Upper Cumberland Development District, USDA, City of McMinnville, and City of Red Boiling Springs.

3. If CI has been involved with other community development projects, how were the operations funded?

RESPONSE: CI's first projects are presently approaching closing. The first, the conversion of the old McMinnville Hospital to an Assisted Living Center is anticipated to close before year end. The funding is being provided under a USDA Rural Development loan. The second is the Red Boiling Springs project contemplated in this Application.

4. Please provide financials for the company since being approved as a public charity in July 2004.

RESPONSE: As indicated in CI's Application, it is a relatively new non-profit public benefit corporation. Accordingly, it does not yet operate any businesses or have income (or any significant liabilities). Attached are copies of Form 990 (Return of Organization Exempt from Income Tax) for CI for 2004 and 2005 filed with the IRS, which indeed reflect no such operational activity. As previously indicated, CI will obtain the funds to purchase, and thereafter to improve and expand (after obtaining proper approvals), those assets of the RBS being sold by the receiver, with a loan.

5. Provide a signed copy of the agreement between AUI and CI.

RESPONSE: A copy is attached.

6. Because CI is totally dependent on AUI for technical and managerial services, please provide AUI's fiscal year end 2005 financials.

RESPONSE: CI has obtained a copy of this information from AUI, LLC and provides it herewith under seal, as it is confidential, proprietary information of AUI, LLC, which is not a party to this proceeding. The information will be provided to any party to this proceeding as soon as an agreeable protective order is entered.

7. The Application states that it is anticipated that CI will procure its long-term financing from the United States Department of Agriculture ("USDA") and that interim financing is available to CI from other sources until the USDA loan is approved. Provide names of the other financing sources. How much of this financing has been received to date? When is it anticipated that the USDA loan will be approved and funds be available to CI? What is the amount of the USDA loan?

RESPONSE: No borrowed funds have been received to date. Attached is a letter from Capital Resources Group, LLC regarding the short-term loan, which will be in amount of \$600,000, in order to fund the purchase price (\$250,000) and to provide the requisite operating capital for the needs of the utility. It is anticipated that the short-term loan will come from Jefferson County Bank or from First Mercantile Bank of Putnam County. Whenever the long-term loan from the USDA is obtained, the short-term loan will be paid off. The amount requested from the USDA for the long-term loan is \$3,000,000, but only \$600,000 relates to the initial purchase and startup of the gas utility in the Red Boiling Springs area. Indeed, such \$600,000 from the USDA loan would be used to pay off the short-term loan. The remainder of the \$3,000,000 loan would be used for the acquisition of other utilities and for other possible projects, one of which contemplates the future expansion of the gas system in Red Boiling Springs, although such expansion is not addressed or sought in this Application, and would be subject to regulatory approval at later date. See the attached letter from the USDA regarding the timing of the approval of such loan.

8. Provide a procedures manual for handling after-hours emergencies.

RESPONSE: After normal business hours, CI will always have someone on-call and available to handle after-hours emergencies. The telephone number to call in case of an emergency will be stated on CI's after-hours telephone message, and the Macon County sheriff's office, Red Boiling Springs police department and the Macon County highway department will likewise be advised of whom to call in an after-hours emergency. The person on-call will investigate each after-hours emergency and will call for additional assistance from AUI, or contractors engaged by it, if the situation warrants. In all after-hours emergencies, if any danger exists, the first focus will be on the health and lives of people, prior to the restoration of service. In any true emergency, all pertinent governmental authorities will be notified of the situation as may be required by applicable law. CI does not yet have a formal Procedures Manual For Handling After-Hours Emergencies, as sought by the TRA (as distinguished from emergencies that may arise during normal business hours) but will provide the TRA with a copy of such manual once it is prepared, which will be prior to CI's beginning to operate the gas utility.

9. Provide a copy of the Agreement to Purchase Assets of RBS Gas Utility, Inc. signed by both parties.

RESPONSE: A copy of the Agreement, as it exists, is attached.

10. Provide cost support for the rates in the proposed tariff including number of customers and projected usage volumes for the next twelve months.

RESPONSE: The requested information is reflected on: (1) the Income, Investment and Rate of Return Analysis; and (2) the Revenue Analysis attached hereto. Please note that the analysis in (1) uses some of the expenses that will be paid by the management company in overseeing the utility.

11. Provide a pro forma statement of the cost of operating the utility and estimated revenues for the first five years including all consulting and management fees. The pro forma statement should support the proposed rates.

RESPONSE: The requested information is reflected on: (1) the Income, Investment and Rate of Return Analysis; and (2) the Revenue Analysis attached hereto. Please note that the analysis in (1) uses some of the expenses that will be paid by the management company in overseeing the utility.

12. Provide a copy of the proposed notification to customers informing them of the new owners and proposed rate increase.

RESPONSE: A copy of the proposed notification is attached hereto.

CI itself is not increasing its rates, as CI is not currently serving the gas customers, and the transaction for which approval is sought does not involve the transfer of a CCN. (CI is seeking an entirely new CCN because it is acquiring assets of RBS Utility, Inc., and the transaction will not be part of a merger. CI would have preferred the matter be handled as a transfer (or name change), if it could properly be treated as such, but it is CI's understanding (gathered from the TRA staff) that the transaction would need to be handled by its obtaining a new CCN and a new tariff.) Nevertheless, if the TRA deems the transaction an increase of rates by CI, CI proposes adding the following to the letter, in order to inform the people affected that there will be increased rates:

As you may know, the former operator of the natural gas system was placed into receivership by the Tennessee Regulatory Authority. It lost money and could no longer pay its bills in a timely manner. The more gas that its customers used, the worse its financial condition became. However, when CI begins operating the system, it will work, with the assistance of AUI, to provide good service and to remain financially sound, in order that the system will be able to serve the community for many years to come. While we will strive to keep rates down, it will be necessary to increase them initially in order to help make the system financially sound. Nevertheless, we believe that natural gas will remain the best way to heat your home or business and also the most cost-efficient way to do so.

13. Provide a map of the requested service area.

RESPONSE: The requested service area is the same as currently being served by the Receiver for RBS Utility, Inc. and is located in eastern Macon County, including Red Boiling Springs. Enclosed herewith are maps of the service area that were provided to CI by the Receiver. The only other maps or drawings that CI has of the utility (but did not enclose herewith) are six large-size pages of construction maps for the gas line installed sometime between 2002 and 2003 to the Nestle Waters North America facility. CI acknowledges that the enclosed maps are not very detailed, but they are all that exist, to the best of CI's (and the Receiver's) knowledge. Indeed, as CI indicated in its Application, one of the projects that it intends to undertake with respect to the utility is to have the system and its facilities mapped, so that CI will know what exactly what facilities the system has and where they are located, and so that there will be an accurate set of maps of the service area. Provided CI becomes the owner and operator of the utility, it will be happy to supply the TRA with updated maps, once the mapping project has been completed.

14. Has final approval of the Franchise been granted to CI by the City of Red Boiling Springs?

RESPONSE: Final approval has not been obtained, but it is CI's understanding that there are not any issues that stand in the way of approval. The franchise was on the agenda for the council meeting of the City of Red Boiling Springs for November 9, 2006, but was not voted on at that time since the attorney for the City was not present at that meeting, and the council wanted to make sure that he felt that the franchise was acceptable (from a legal standpoint) before voting on it. In speaking with Jon Wells, the attorney for Red Boiling Springs, subsequently (i.e., after November 9), he indicated that he did not have any problems with the franchise, and that it is on the agenda for a vote at the council's December meeting, where it should be acted upon.

15. Has CI made personal contact with the management of Nestle? If so, what was the result of this meeting or contact regarding Nestle's desire to continue purchasing gas from CI?

RESPONSE: A CI representative has spoken with Cliff Sawyer, the technical manager at the Nestle plant in Macon County. He indicated that Nestle does not: anticipate any changes from its current usage, foresee any expansion at the plant in the near future, or have any intention of moving off natural gas. Mr. Sawyer said that Nestle's future natural gas consumption will likely be about the same as it has been over the past two years. He indicated that Nestle has had good natural gas service in the past, and wants the good service to continue but has some concern about rate hikes. The CI representative has offered to sit down with Mr. Sawyer at any time if there were any questions or problems. Mr. Sawyer appreciated the gesture, but said that he would be fine as long as the service was good and reliable.

16. What steps will CI take to win back the 100 metered customers in Red Boiling Springs who do not currently use natural gas?

RESPONSE: Initially, following regulatory approval, CI and AUI, LLC will hold a town meeting to answer any questions associated with the utility. Also, they intend to contact those metered residences individually to find out why they are no longer using natural gas, what problems, if any, they have had with natural gas service in the past, what impediments exist to their becoming natural gas customers again, and what can be done to encourage them to become natural gas customers again. However, the most effective way to win back customers will be to demonstrate how cost effective natural gas is. In addition, the attached letter (also referenced in the response to request 12) will be sent to all households with service lines, whether presently using natural gas or not. Finally, Mr. Tim Scott, whom many of the former customers know, will be available to speak personally with them regarding reconnecting services, and will encourage them to do so.

17. Under what name will the gas utility operate?

RESPONSE: The gas utility will be owned by CI and will operate under the Community Initiative name.

However, AUI, LLC will manage the day to day affairs of the utility. AUI may actually manage the utility business under the name Cumberland Valley Utilities, which would be an assumed name (which would not be an entity separate from AUI at this time). The Tennessee Secretary of State's office indicates that such assumed name is currently available.

18. In its proposed tariff, TRA No. 1 Sheet No. 9 regarding the competitive fuels rate adjustment, the Company proposes to charge all authorized negotiated rate gross margin losses to the "Deferred Gas Account." Since the Company is proposing that all other customers pay for any lost margin, does the Company also propose to seek prior approval from the TRA for the offering of a discount? If rates are discounted on a "temporary basis," what is the maximum number of months that a customer may receive a discount before the potential need for a special contract is established?

RESPONSE: CI does not plan to seek prior approval of discounts under this provision unless ordered by the TRA. However, CI will document rate discounts each month and require customers to submit alternate fuel pricing to support rate discounts needed to retain gas loads. This information will be submitted for the TRA's review on CI's annual ACA filing. This documentation will also be available for the TRA's review on request. Due to the variability of natural gas pricing and other alternate fuels, CI would not make permanent an alternate fuel

pricing discount unless the customer considered bypassing the utility and connecting directly to the interstate pipeline.

19. Will the Company have a policy regarding disconnection of a customer's service when the forecasted high temperature is below a specified level?

RESPONSE: Yes, CI will have such a policy, which is as follows:

Temperature-Based and Winter Disconnection Policy

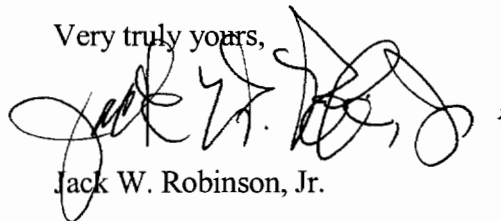
Notwithstanding anything else, it will be Community Initiative's policy not to discontinue the service of any residential Customer for non-payment on a day: (a) when the temperature is, or is forecast to be, below 32° F. at any time that day; (b) when the temperature for the following day is forecast to be below 32° F. at any time such day; (c) during the winter, when the Community Initiative office is closed for receiving payments to reconnect service; or (d) during the winter, the Community Initiative office will be closed on the following day for receiving payments to reconnect service.

However, where service would have otherwise been discontinued except for the occurrence of a condition described in (a) through (d) above, such service may be disconnected thereafter (provided the non-payment has not been fully cured) on any day when such condition does not exist.

For purposes of this policy, (i) "winter" means October through March; and (ii) "temperature" refers to the outside temperature as determined by the National Weather Service for its reporting location nearest the residence at issue.

Should you have any additional questions, please do not hesitate to contact me.

Very truly yours,

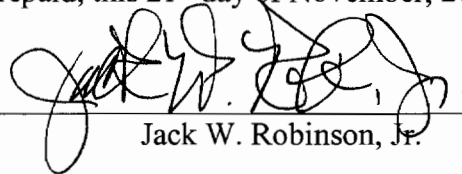


Jack W. Robinson, Jr.

JWRjr:plw
Enclosures

CERTIFICATE OF SERVICE

I hereby certify that I have served a copy of the foregoing document upon the City of Red Boiling Springs, Tennessee, c/o Jon A. Wells, Esq., city attorney, 206 Court Square, P. O. Box 116, Lafayette, Tennessee 37083-0116; Macon County, Tennessee, c/o County Mayor Glen H. Donoho, Room 201 Macon County Courthouse, Lafayette, Tennessee 37083; the City of Lafayette, Tennessee, c/o Jon A. Wells, Esq., city attorney, 206 Court Square, P. O. Box 116, Lafayette, Tennessee 37083-0116; the Consumer Advocate Division, Tennessee Attorney General's Office, Attn.: Timothy Phillips, Esq., Senior Counsel, 425 Fifth Avenue North, Nashville, Tennessee 37243-0491; J. Graham Matherne, Esq., attorney for Receiver of RBS Gas Utility, Inc., Wyatt, Tarrant & Combs LLP, Suite 1500, 2525 West End Avenue, Nashville, Tennessee 37203-1423; Nestle Waters North America, Attn: Plant Manager, Highway 52, Red Boiling Springs, Tennessee 37150; and Nestle Waters North America, Attn: Legal Department, 666 West Putnam Avenue, Greenwich, Connecticut 06830, by depositing a copy of the same in the United States mail, first class mail, postage prepaid, this 21st day of November, 2006.



Jack W. Robinson, Jr.

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

OMB No. 1545-0047

2005

Open to Public
Inspection

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2005 calendar year, or tax year beginning

, and ending

B Check if applicable:

- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return
- ☐ Amended return
- ☐ Application pending

Please
use IRS
label or
print or
type.
SeeSpecific
Instruc-
tions.

C Name of organization

MIDDLE TENNESSEE HELPING HANDS

Number and street (or P.O. box if mail is not delivered to street address)

Room/suite

4495 GREENFIELD DRIVE

City or town

State or country

ZIP + 4

COOKVILLE

TN

38501

D Employer identification number

58-2674538

E Telephone number

F Accounting method: ☒ Cash ☐ Accrual☐ Other (specify) ▶

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) If "Yes," enter number of affiliates ▶

H(c) Are all affiliates included? ☐ Yes ☒ No

(If "No," attach a list. See instructions.)

H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No.

I Group Exemption Number ▶

G Website: ▶

J Organization type (check only one) ☒ 501(c) () (insert no) ☐ 4947(a)(1) or ☐ 527K Check here ☒ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization chooses to file a return, be sure to file a complete return. Some states require a complete return.M Check ☒ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 0

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Revenue	1	Contributions, gifts, grants, and similar amounts received:				
	a	Direct public support	1a	0		
	b	Indirect public support	1b	0		
	c	Government contributions (grants)	1c	0		
	d	Total (add lines 1a through 1c) (cash \$ 0 noncash \$ 0)	1d	0		
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	0		
	3	Membership dues and assessments	3	0		
	4	Interest on savings and temporary cash investments	4	0		
	5	Dividends and interest from securities	5	0		
	6a	Gross rents	6a			
b	Less: rental expenses	6b				
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c	0			
7	Other investment income (describe ▶)	7	0			
8a	Gross amount from sales of assets other than inventory	(A) Securities	8a	0	(B) Other	0
	b Less: cost or other basis and sales expenses	8b	0		0	
	c Gain or (loss) (attach schedule)	8c	0		0	
	d Net gain or (loss) (combine line 8c, columns (A) and (B))	8d	0		0	
9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>					
a	Gross revenue (not including \$ 0 of contributions reported on line 1a)	9a	0			
b	Less: direct expenses other than fundraising expenses	9b	0			
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c	0			
10a	Gross sales of inventory, less returns and allowances	10a	0			
	b Less: cost of goods sold	10b	0			
	c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c	0			
11	Other revenue (from Part VII, line 103)	11	0			
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	0			
Expenses	13	Program services (from line 44, column (B))	13	0		
	14	Management and general (from line 44, column (C))	14	0		
	15	Fundraising (from line 44, column (D))	15	0		
	16	Payments to affiliates (attach schedule)	16	0		
	17	Total expenses (add lines 16 and 44, column (A))	17	0		
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	0		
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	0		
	20	Other changes in net assets or fund balances (attach explanation)	20	0		
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	0		

Part I**Statement of
Functional Expenses**

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) (cash \$ <u>0</u> noncash \$ <u>0</u>) If this amount includes foreign grants, check here <input type="checkbox"/>	22 0	0		
23	Specific assistance to individuals (attach schedule)	23 0	0		
24	Benefits paid to or for members (attach schedule)	24 0			
25	Compensation of officers, directors, etc.	25 0			
26	Other salaries and wages	26 0			
27	Pension plan contributions	27 0			
28	Other employee benefits	28 0			
29	Payroll taxes	29 0			
30	Professional fundraising fees	30 0			
31	Accounting fees	31 0			
32	Legal fees	32 0			
33	Supplies	33 0			
34	Telephone	34 0			
35	Postage and shipping	35 0			
36	Occupancy	36 0			
37	Equipment rental and maintenance	37 0			
38	Printing and publications	38 0			
39	Travel	39 0			
40	Conferences, conventions, and meetings	40 0			
41	Interest	41 0			
42	Depreciation, depletion, etc. (attach schedule)	42 0			
43	Other expenses not covered above (itemize):				
a		43a 0	0	0	0
b		43b 0	0	0	0
c		43c 0	0	0	0
d		43d 0	0	0	0
e		43e 0	0	0	0
f		43f 0	0	0	0
g		43g 0	0	0	0
44	Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 13-15).	44 0	0	0	0

Joint Costs. Check ☐ if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?

☐ Yes ☐ No

If "Yes," enter (i) the aggregate amount of these joint costs \$ 0, (ii) the amount allocated to Program services \$ _____, (iii) the amount allocated to Management and general \$ _____, and (iv) the amount allocated to Fundraising \$ _____.

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

<p>What is the organization's primary exempt purpose? ▶</p> <p>All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)</p>	<p>Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)</p>
<p>a</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/></p>	
<p>b</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/></p>	
<p>c</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/></p>	
<p>d</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/></p>	
<p>e Other program services (attach schedule)</p> <p>(Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/></p>	
<p>f Total of Program Service Expenses (should equal line 44, column (B), Program services) ▶</p>	<p>0</p>

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
Assets	45 Cash—non-interest-bearing		45	
	46 Savings and temporary cash investments		46	
	47 a Accounts receivable	47a 0		
	b Less: allowance for doubtful accounts	47b 0	0 47c	0
	48 a Pledges receivable	48a 0		
	b Less: allowance for doubtful accounts	48b 0	0 48c	0
	49 Grants receivable		49	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		0 50	0
	51 a Other notes and loans receivable (attach schedule)	51a 0		
	b Less: allowance for doubtful accounts	51b 0	0 51c	0
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges		53	
	54 Investments—securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV		0 54	0
	55 a Investments—land, buildings, and equipment: basis	55a 0		
	b Less: accumulated depreciation (attach schedule)	55b 0	0 55c	0
56 Investments—other (attach schedule)		0 56	0	
57 a Land, buildings, and equipment: basis	57a 0			
b Less: accumulated depreciation (attach schedule)	57b 0	0 57c	0	
58 Other assets (describe)		0 58	0	
59 Total assets (must equal line 74). Add lines 45 through 58		0 59	0	
Liabilities	60 Accounts payable and accrued expenses		60	
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		0 63	0
	64 a Tax-exempt bond liabilities (attach schedule)		0 64a	0
	b Mortgages and other notes payable (attach schedule)		0 64b	0
65 Other liabilities (describe)		0 65	0	
66 Total liabilities. Add lines 60 through 65		0 66	0	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted		67	
	68 Temporarily restricted		68	
	69 Permanently restricted		69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)		0 73	0
	74 Total liabilities and net assets/fund balances. Add lines 66 and 73		0 74	0

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See the instructions.)

a	Total revenue, gains, and other support per audited financial statements		a	
b	Amounts included on line a but not on Part I, line 12:			
1	Net unrealized gains on investments	b1		
2	Donated services and use of facilities	b2		
3	Recoveries of prior year grants	b3		
4	Other (specify):	b4	0	
	Add lines b1 through b4		b	0
c	Subtract line b from line a		c	0
d	Amounts included on Part I, line 12, but not on line a :			
1	Investment expenses not included on Part I, line 6b	d1		
2	Other (specify):	d2	0	
	Add lines d1 and d2		d	0
e	Total revenue (Part I, line 12). Add lines c and d		e	0

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

a	Total expenses and losses per audited financial statements		a	
b	Amounts included on line a but not on Part I, line 17:			
1	Donated services and use of facilities	b1		
2	Prior year adjustments reported on Part I, line 20	b2		
3	Losses reported on Part I, line 20	b3		
4	Other (specify):	b4	0	
	Add lines b1 through b4		b	0
c	Subtract line b from line a		c	0
d	Amounts included on Part I, line 17, but not on line a :			
1	Investment expenses not included on Part I, line 6b	d1		
2	Other (specify):	d2	0	
	Add lines d1 and d2		d	0
e	Total expenses (Part I, line 17). Add lines c and d		e	0

Part V-A Current Officers, Directors, Trustees, and Key Employees (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address			(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
Name	Str		Title			
City	ST	ZIP	Hr/WK			
Name	Str		Title			
City	ST	ZIP	Hr/WK			
Name	Str		Title			
City	ST	ZIP	Hr/WK			
Name	Str		Title			
City	ST	ZIP	Hr/WK			
Name	Str		Title			
City	ST	ZIP	Hr/WK			
Name	Str		Title			
City	ST	ZIP	Hr/WK			
Name	Str		Title			
City	ST	ZIP	Hr/WK			
Name	Str		Title			
City	ST	ZIP	Hr/WK			
Name	Str		Title			
City	ST	ZIP	Hr/WK			

Part V-A Current Officers, Directors, Trustees, and Key Employees (continued)

75 a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings

b Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)

c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to this organization through common supervision or common control?

Note. Related organizations include section 509(a)(3) supporting organizations.

If "Yes," attach a statement that identifies the individuals, explains the relationship between this organization and the other organization(s), and describes the compensation arrangements, including amounts paid to each individual by each related organization.

d Does the organization have a written conflict of interest policy?

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits (If any former

officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

(A) Name and address			(B) Loans and Advances	(C) Compensation	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
Name	Str					
City	ST	ZIP				
Name	Str					
City	ST	ZIP				
Name	Str					
City	ST	ZIP				
Name	Str					
City	ST	ZIP				
Name	Str					
City	ST	ZIP				
Name	Str					
City	ST	ZIP				
Name	Str					
City	ST	ZIP				
Name	Str					
City	ST	ZIP				
Name	Str					
City	ST	ZIP				

Part VI Other Information (See the instructions.)

76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity

77 Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.

78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?

b If "Yes," has it filed a tax return on Form 990-T for this year?

79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement

80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?

b If "Yes," enter the name of the organization and check whether it is ☐ exempt or ☐ nonexempt

81 a Enter direct and indirect political expenditures. (See line 81 instructions.)

b Did the organization file Form 1120-POL for this year?

Part VI Other Information (continued)

		Yes	No
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		
	82a		
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)		
	82b 0		
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?		
	83a		
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?		
	83b		
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?		
	84a		
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
	84b		
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?		
	85a		
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year		
	85b		
c	Dues, assessments, and similar amounts from members		
	85c		
d	Section 162(e) lobbying and political expenditures		
	85d		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		
	85e		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		
	85f 0		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		
	85g		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?		
	85h		
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12		
	86a		
b	Gross receipts, included on line 12, for public use of club facilities		
	86b		
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders		
	87a		
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)		
	87b		
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		
	88		
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ; section 4912 ; section 4955		
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		
	89b		
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization		
90 a	List the states with which a copy of this return is filed		
b	Number of employees employed in the pay period that includes March 12, 2005 (See instructions.)	90b	
91 a	The books are in care of Name Telephone no. Located at City ST ZIP + 4		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	Yes	No
	91b		
c	At any time during the calendar year, did the organization maintain an office outside of the United States? If "Yes," enter the name of the foreign country		
	91c		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the tax year	92	N/A

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a					
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0		0	0
105 Total (add line 104, columns (B), (D), and (E))					0

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
▼	

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%		0	0
	%		0	0
	%		0	0
	%		0	0

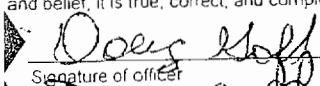
Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☐ No

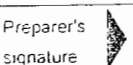
(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☐ No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here:  CEO Date: 7/18/2006

Type or print name and title: Doug Hoff CEO

Paid Preparer's Use Only: Preparer's signature:  Date: 7/18/2006 Check if self-employed: ☒ Preparer's SSN or PTIN (See Gen. Inst. 990): 62-1235608

Firm's name (or yours if self-employed): MI PROFESSIONAL MANAGEMENT EIN: 62-1235608

address and ZIP + 4: 4721 TROUSDALE DR, STE 212, NASHVILLE, TN 37220 Phone no:

Form **990****Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

OMB No. 1545-0047

2004**Open to Public Inspection**Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2004 calendar year, or tax year beginning

, 2004, and ending

, 20

B Check if applicable:

- ☐ Address change
☐ Name change
☐ Initial return
☐ Final return
☐ Amended return

Please use IRS label or print or type. See Specific Instructions.

C Name of organization

MIDDLE TENNESSEE HELPING HANDS

Number and street (or P.O. box if mail is not delivered to street address) Room/suite

4495 GREENFIELD DRIVE

City or town, state or country, and ZIP + 4

COCKEVILLE, TN 38501

D Employer identification number

58-2674538

E Telephone number

()

F Accounting method: ☐ Cash ☐ Accrual☐ Other (specify) ▶☐ Application pending

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations.**H(a)** Is this a group return for affiliates? ☐ Yes ☐ No**H(b)** If "Yes," enter number of affiliates ▶**H(c)** Are all affiliates included? ☐ Yes ☐ No

(If "No," attach a list. See instructions.)

H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☐ No**I** Group Exemption Number ▶**M** Check ☐ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).**G** Website: ▶**J** Organization type (check only one) ▶☒ 501(c) () ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527**K** Check here ☒ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.**L** Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances** (See page 18 of the instructions.)

Revenue	1 Contributions, gifts, grants, and similar amounts received:			
	a Direct public support	1a		
	b Indirect public support	1b		
	c Government contributions (grants)	1c		
	d Total (add lines 1a through 1c) (cash \$ _____ noncash \$ _____)	1d		
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2		
	3 Membership dues and assessments	3		
	4 Interest on savings and temporary cash investments	4		
	5 Dividends and interest from securities	5		
	6a Gross rents	6a		
	b Less: rental expenses	6b		
	c Net rental income or (loss) (subtract line 6b from line 6a)	6c		
7 Other investment income (describe ▶)	7			
Revenue	8a Gross amount from sales of assets other than inventory	(A) Securities	(B) Other	
	b Less: cost or other basis and sales expenses	8a		
	c Gain or (loss) (attach schedule)	8b		
	d Net gain or (loss) (combine line 8c, columns (A) and (B))	8c		
	8d Net gain or (loss) (combine line 8c, columns (A) and (B))	8d		
	9 Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>			
	a Gross revenue (not including \$ _____ of contributions reported on line 1a)	9a		
	b Less: direct expenses other than fundraising expenses	9b		
	c Net income or (loss) from special events (subtract line 9b from line 9a)	9c		
	10a Gross sales of inventory, less returns and allowances	10a		
	b Less: cost of goods sold	10b		
	c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c		
11 Other revenue (from Part VII, line 103)	11			
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12			
Expenses	13 Program services (from line 44, column (B))	13		
	14 Management and general (from line 44, column (C))	14		
	15 Fundraising (from line 44, column (D))	15		
	16 Payments to affiliates (attach schedule)	16		
	17 Total expenses (add lines 13 and 14, column (A))	17		
Net Assets	18 Excess or (deficit) for the year (subtract line 17 from line 12)	18		
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19		
	20 Other changes in net assets or fund balances (attach explanation)	20		
	21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See page 22 of the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____)	22			
23	Specific assistance to individuals (attach schedule)	23			
24	Benefits paid to or for members (attach schedule)	24			
25	Compensation of officers, directors, etc.	25			
26	Other salaries and wages	26			
27	Pension plan contributions	27			
28	Other employee benefits	28			
29	Payroll taxes	29			
30	Professional fundraising fees	30			
31	Accounting fees	31			
32	Legal fees	32			
33	Supplies	33			
34	Telephone	34			
35	Postage and shipping	35			
36	Occupancy	36			
37	Equipment rental and maintenance	37			
38	Printing and publications	38			
39	Travel	39			
40	Conferences, conventions, and meetings	40			
41	Interest	41			
42	Depreciation, depletion, etc. (attach schedule)	42			
43	Other expenses not covered above (itemize): a	43a			
b		43b			
c		43c			
d		43d			
e		43e			
44	Total functional expenses (add lines 22 through 43). Organizations completing columns (B)-(D), carry these totals to lines 13-15.	44			

Joint Costs. Check ☐ if you are following SOP 98-2.Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ☐ Yes ☐ No

If "Yes," enter (i) the aggregate amount of these joint costs \$ _____; (ii) the amount allocated to Program services \$ _____;

(iii) the amount allocated to Management and general \$ _____; and (iv) the amount allocated to Fundraising \$ _____.

Part III Statement of Program Service Accomplishments (See page 25 of the instructions.)

What is the organization's primary exempt purpose? ▶ _____

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

Program Service Expenses
(Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts, but optional for others.)

a	_____	

	(Grants and allocations \$ _____)	
b	_____	

	(Grants and allocations \$ _____)	
c	_____	

	(Grants and allocations \$ _____)	
d	_____	

	(Grants and allocations \$ _____)	
e	Other program services (attach schedule) (Grants and allocations \$ _____)	
f	Total of Program Service Expenses (should equal line 44, column (B), Program services)	

Part IV Balance Sheets (See page 25 of the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year	(B) End of year
Assets	45 Cash—non-interest-bearing		45
	46 Savings and temporary cash investments		46
	47a Accounts receivable	47a	47c
	b Less: allowance for doubtful accounts	47b	
	48a Pledges receivable	48a	48c
	b Less: allowance for doubtful accounts	48b	
	49 Grants receivable		49
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50
	51a Other notes and loans receivable (attach schedule)	51a	51c
	b Less: allowance for doubtful accounts	51b	
	52 Inventories for sale or use		52
	53 Prepaid expenses and deferred charges		53
	54 Investments—securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54
	55a Investments—land, buildings, and equipment: basis	55a	55c
	b Less: accumulated depreciation (attach schedule)	55b	
	56 Investments—other (attach schedule)		56
	57a Land, buildings, and equipment: basis	57a	57c
	b Less: accumulated depreciation (attach schedule)	57b	
	58 Other assets (describe <input type="checkbox"/>)		58
59 Total assets (add lines 45 through 58) (must equal line 74)			59
Liabilities	60 Accounts payable and accrued expenses		60
	61 Grants payable		61
	62 Deferred revenue		62
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63
	64a Tax-exempt bond liabilities (attach schedule)		64a
	b Mortgages and other notes payable (attach schedule)		64b
	65 Other liabilities (describe <input type="checkbox"/>)		65
66 Total liabilities (add lines 60 through 65)			66
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.		
	67 Unrestricted		67
	68 Temporarily restricted		68
	69 Permanently restricted		69
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.		
	70 Capital stock, trust principal, or current funds		70
	71 Paid-in or capital surplus, or land, building, and equipment fund		71
	72 Retained earnings, endowment, accumulated income, or other funds		72
	73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)		73
	74 Total liabilities and net assets / fund balances (add lines 66 and 73)		74

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part VI Other Information (See page 28 of the instructions.)

Yes No

76	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity.	76		
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77		
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a		
b	If "Yes," has it filed a tax return on Form 990-T for this year?	78b		
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79		
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a		
b	If "Yes," enter the name of the organization and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt.			
81a	Enter direct and indirect political expenditures. See line 81 instructions	81a		
b	Did the organization file Form 1120-POL for this year?	81b		
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a		
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82b		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a		
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b		
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a		
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b		
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85a		
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.	85b		
c	Dues, assessments, and similar amounts from members.	85c		
d	Section 162(e) lobbying and political expenditures.	85d		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices.	85e		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g		
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h		
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12.	86a		
b	Gross receipts, included on line 12, for public use of club facilities	86b		
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders	87a		
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b		
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX.	88		
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911; section 4912; section 4955			
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b		
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958			
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization			
90a	List the states with which a copy of this return is filed	90b		
b	Number of employees employed in the pay period that includes March 12, 2004 (See instructions.)			
91	The books are in care of Telephone no. Located at ZIP + 4			
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here, and enter the amount of tax-exempt interest received or accrued during the tax year	92		

Part VII Analysis of Income-Producing Activities (See page 33 of the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a _____					
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))					
105 Total (add line 104, columns (B), (D), and (E))					

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See page 34 of the instructions.)

Line No. ▼	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 34 of the instructions.)

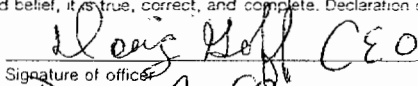
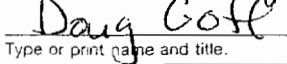
(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 34 of the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☐ No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☐ No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.			
	 Signature of officer		Date <u>7/21/2004</u>	
Paid Preparer's Use Only	Type or print name and title. 			
	Preparer's signature Firm's name (or yours if self-employed), address, and ZIP + 4	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Inst. W)
		EIN		
		Phone no.		

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (the "Agreement") is hereby made and entered into on the 21st day of November, 2006, by and between **AUI, LLC**, a Tennessee limited liability ("Manager"), and **COMMUNITY INITIATIVE**, a Tennessee nonprofit corporation ("CI"). Manager and CI shall sometimes hereinafter be referred to together as the "Parties" and individually as a "Party."

WITNESSETH:

A. CI is in the process of acquiring certain assets of a natural gas distribution utility in Macon County, Tennessee (including Red Boiling Springs) (the "Utility") which it is acquiring from the Receiver for RBS Utility, Inc. ("RBS"). RBS was placed in receivership by the Tennessee Regulatory Authority ("TRA") in 2006, and CI was the successful bidder for the RBS assets being sold by its Receiver. The sale of such assets to CI was approved by the Chancery Court for Macon County, Tennessee.

B. Provided CI indeed purchases the Utility on terms acceptable to it and also obtains all necessary approvals, such as from the TRA and from the City of Red Boiling Springs, then CI desires to engage Manager to provide certain management services for the Utility, on such terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises, the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Engagement.** CI hereby engages and appoints Manager as its sole agent for the management and administration of the Utility on a day-to-day basis, and Manager hereby accepts such appointment, subject to the terms of this Agreement. Manager agrees to provide the Utility with all management, administrative, and consulting services necessary or appropriate to operate the Utility on a full-time basis, in accordance with all applicable laws, rules, regulations and orders, and in compliance with all contracts and agreements by which CI is or becomes bound with respect to the Utility. Without limiting the foregoing, Manager shall comply with all applicable Rules of the TRA with respect to the operation of Utility, including those regarding safety, accounting, billing, environmental protection, and cutoff and reconnection procedures. Nothing contained herein shall be deemed to constitute a change in the actual or beneficial ownership of the Utility, which will be owned solely by CI.

2. **Duties of Manager.** During the term of this Agreement, Manager shall operate the Utility in a sound and responsible manner and shall use its best efforts to promote and improve the business and profitability of the Utility, the safety of the Utility's facilities, the satisfaction of the Utility's customers, and the reputation of the Utility in the community (i.e., Macon County and Red Boiling Springs). CI acknowledges and agrees that Manager: makes no guaranty as to the profitability or success of the Utility, may provide management and consulting services to other natural gas distribution systems and utilities, and may carry on other business

and activities unrelated to the Utility. Manager is specifically authorized, and shall undertake, the following as the manager of the Utility:

(a) Obtain and maintain all licenses, tariffs and other approvals necessary for operating the Utility.

(b) Conduct all aspects of the day-to-day management and operation of the Utility in a proper and workmanlike manner.

(c) At Manager's expense, cause to be hired, supervised and paid, all persons needed to run, service, operate and market the Utility in a proper, safe and profitable manner in the ordinary course of business; provided, however, that all persons so hired shall be employees or contractors of Manager, and not CI.

(d) Hire and pay all consultants and professionals needed to: (i) comply with all proper business procedures and requirements imposed by law, including maintaining a Uniform System of Accounts and all prudent accounting, billing and collection procedures; and (ii) maintain the Utility and its facilities in good working order.

(e) Prepare and file in a timely and proper manner on behalf of CI all reports and information required to be filed with the TRA, the City of Red Boiling Springs and any other pertinent government authority.

(f) Prepare and file from time to time with the TRA for all purchased gas adjustments that would be prudent for the Utility to collect, and keep the applicable tariff(s) (including rate schedules) updated.

(g) Open and maintain separate bank account(s) solely for the operation of the Utility, wherein all revenues collected from the Utility shall be deposited and all disbursements and expenses for the Utility shall be paid as provided herein. Revenues shall not be deposited in any other bank accounts, and CI shall have the right to audit and monitor such account(s), revenues, disbursements and expenses. No money unrelated to the Utility shall be commingled or deposited in the account(s).

(h) Prepare and deliver financial statements and reports as requested by CI, on a monthly basis, reflecting revenues, expenses, disbursements, assets, liabilities, cash flow and capital expenditures, with respect to the Utility. Manager shall further render to CI within two (2) months after the end of each fiscal year detailed financial statements and reports for the year.

(i) Properly bill all customers on a timely basis, properly account for and handle all customer deposits, and properly maintain information regarding customer accounts.

(j) Maintain emergency contact and call procedures and have someone always on-call and available to handle after-hours safety and emergency matters.

(k) Maintain an office in or near the area served by the Utility.

(l) Within one year (1) year of the Effective Date (as later defined) of this Agreement: prepare (or have prepared) at CI's expense (after CI's advance approval of the cost) an accurate as-built, detailed map the Utility's facilities and properties served by it, and do leak testing throughout the entire system.

(m) Maintain the Utility, its facilities and equipment in good condition and repair, reasonable wear and tear excepted, and keep it updated, subject to the provisions herein contained. The Manager shall repair, restore, or replace any equipment, pipelines and machinery which are part of the Utility that are defective, damaged, or missing at any time during the term of this Agreement.

(n) Keep on hand and updated: analyses of possible future expansion plans for the Utility, marketing plans for the Utility, and analyses of the actual and projected revenues and costs of the Utility.

(o) Comply with all provisions of the Utility's Rules and Regulations and its tariff(s).

(p) Maintain all insurance that is customarily kept in place by natural gas utilities of similar size, with such limits that are prudent and reasonable, given the circumstances; and list CI as an insured on all such insurance policies.

(q) Negotiate with gas suppliers to obtain the most reasonable terms and rates for natural gas that must be purchased by the Utility, so it can then supply its customers with gas.

(r) Keep on hand all machinery, equipment and vehicles needed to properly run, service, operate and market the Utility.

(s) Carry out such advertising as is cost-effective, prudent and reasonable to market and expand the customer base of the Utility.

(t) Except as specifically provided otherwise herein, pay all expenses, and make all payments due on account of, the Utility and its operations.

(u) Timely provide CI with all necessary reports, statements and information needed by it with respect to the Utility in order to prepare its tax returns and to make such reports (including to its lender(s) and the TRA) as may be required or reasonably requested.

(v) Cooperate with any audits of the Utility required by law (such as by the TRA) or as CI may request; and to the extent requested by the TRA, cooperate with any audits of, and provide any information relating to: expenditures made by Manager with respect to the Utility, accounts maintained with respect to the Utility, and compensation paid to Manager under this Agreement.

(w) Do all other things, and take all other action, reasonably necessary or desirable for the proper management of the Utility in the normal course of business during the term of this Agreement.

2. Compensation.

(a) Manager's initial compensation under this Agreement shall be the sum of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00) per year, which shall be paid by CI in equal monthly installments in arrears, subject to the other provisions of this Agreement (including Section 2(c)).

(b) Every five (5) years during the term of this Agreement (i.e., at the beginning of the sixth, eleventh and sixteenth years of the Agreement), the compensation shall be adjusted (increased or decreased, as appropriate) if the Consumer Price Index – All Urban Consumers, U. S. City Average, All Items (1982-84=100) (the "Index") as published by the United States Department of Labor, Bureau of Labor Statistics (the "Bureau") – increases or decreases over the base period Index. The base period Index shall be the Index for the month which is two (2) calendar months prior to the month of the Effective Date. The base period Index shall be compared with the Index for the same calendar month just prior to the sixth, eleventh and sixteenth years (as appropriate) of the Agreement (the "comparison month"). If the Index for any comparison month is different than the base period Index, then the compensation due for the subsequent five (5) year period shall be increased or decreased (as appropriate) by the percentage of such difference.

Should the Bureau discontinue the publication of the above Index, or publish it less frequently, or alter it in some other manner, then Manager shall adopt a substitute index or substitute procedure, which reasonably reflects and monitors consumer prices, as the basis for adjustments in the compensation due hereunder.

(c) The parties acknowledge that CI plans to fund its acquisition of the RBS assets needed to create the Utility, the mapping and testing of the Utility's facilities, working capital, and capital for improving, updating and expanding the Utility by means of loan(s). Additionally, any initial financing may be short-term financing until CI is able to acquire permanent financing for the Utility (and other similar ventures and acquisitions). CI shall keep Manager informed of its monthly payments due on such financing attributable to the Utility (including its expansion). Each month, Manager shall remit to CI (or place or keep in an account as CI may otherwise direct): all of the revenues from the Utility less Manager's compensation installment, provided such amount remitted is at least equal to CI's monthly loan payment. To the extent such revenues remitted are insufficient to cover CI's loan payments in a month, then AUI shall remit to CI such additional portion of the revenues as is required to cover the payment. Any shortfall in the compensation paid to AUI for a month shall continue to be owed to it by CI, but shall be paid by CI out of the revenues from the Utility, when and to the extent that such revenues for a month exceed CI's loan payment and the compensation otherwise due for the month to Manager.

(d) Manager shall bear all costs and expenses associated with the Utility, including its operations, except for capital expenditures for the Utility, gas costs, and those expenditures funded by CI's loans, such as those: to acquire the RBS assets needed to create the Utility, to map and test the Utility's facilities as specified in Section 1(l), and to expand the Utility and/or its service area. However, notwithstanding anything else herein contained, if for two (2) consecutive years under this Agreement, Manager's compensation does not exceed the

costs, expenses and payments that it has had to pay (out of its funds) for the Utility, then the parties shall work together to renegotiate the compensation payable to Manager hereunder. If it is indeed renegotiated and a new compensation arrangement agreed upon, then this Agreement shall be amended by a written document signed by both parties to reflect the new arrangement. However, if a new compensation arrangement reasonably satisfactory to Manager is not agreed upon, then Manager may terminate this Agreement upon three (3) months' notice to CI.

(e) If the Utility, or substantially all of its assets, is sold or otherwise acquired or transferred (including by merger or operation of law), then Manager has the option of terminating this Agreement at any time upon three (3) months' prior notice, but any termination pursuant to this option must take place within nine (9) months after such sale, acquisition or transfer. Alternatively, at any time, CI, or its successors and assigns, may buy out (and thereby terminate) Manager's interest in this Agreement by paying to Manager a sum equal to:

the number of years remaining in the term of the Agreement (with any partial year appropriately prorated)

times

\$100,000.00.

Both parties agree that such buyout price is fair and reasonable.

3. **Term.** The term of this Agreement shall commence on the Effective Date, and shall continue for a term of twenty (20) years. The Effective Date is the latest of: (a) the date that CI has obtained all necessary approvals for operating the Utility (including from the TRA), (b) the date that CI is granted a franchise to operate the Utility by the City of Red Boiling Springs, (c) the date that CI closes the purchase of those RBS assets that it is acquiring from the Receiver, and (d) the date that CI's tariff filed with the TRA becomes effective. However, if (a) through (d) do not all occur within six (6) months from the date that this Agreement is executed, then this Agreement shall thereupon become null and void, and neither party shall have any obligation or duty hereunder to the other or any claim against the other.

CI shall have the right to terminate this Agreement in the event Manager is in default of or breaches its obligations set forth in this Agreement and fails to cure such default or breach within forty-five (45) days of its receipt of written notice from CI specifying said default or breach.

At the termination or expiration of this Agreement, Manager shall return to CI all assets of the Utility (including and/or together with all accounts and deposits) (that do not otherwise belong to Manager) then in its custody and control, normal wear and tear excepted; provided, however, that both parties acknowledge and agree that Manager's compensation installment for the last month of the term will likely be payable in the month following such termination or expiration, and the rights of Manager to receive said compensation installment for the last month shall not be affected by the termination or expiration of this Agreement. Upon such termination or expiration, the parties agree to work together to provide for a smooth return transition of the Utility's matters and affairs from Manager to CI.

4. Indemnification.

(a) CI shall indemnify, defend and hold Manager harmless against and in respect of any and all claims, demands, losses, costs, expenses (including reasonable attorney's fees), obligations, liabilities and damages Manager may incur or suffer which arise or result from errors, omissions, negligence, gross negligence or willful misconduct of CI, with respect to the Utility, the operations of the Utility, and/or CI's obligations hereunder, at any time during the term of this Agreement.

(b) Manager shall indemnify, defend and hold CI harmless against and in respect of any and all claims, demands, losses, costs, expenses (including reasonable attorney's fees), obligations, liabilities and damages CI may incur or suffer which arise or result from errors, omissions, negligence, gross negligence or willful misconduct of Manager, with respect to the Utility, the operations of the Utility, and/or Manager's obligations hereunder, any time during the term of this Agreement.

5. Transactions with Affiliated Companies. CI understands and agrees that entities affiliated with Manager may be retained to provide goods and/or services for the Utility. Affiliated companies and their services may include, but not be limited to, administrative and accounting services, management and consulting services, leak testing, mapping, and engineering services.

6. Use of Confidential Information. Because of their relationship, duties and obligations hereunder and/or with respect to the Utility, CI and Manager may come across, discover or have made available to them, confidential or proprietary information about the other party. Accordingly, neither CI nor Manager shall use such confidential or proprietary information in any way detrimental (directly or indirectly) to the other party.

7. Assignment. Manager may assign its interest in this Agreement to a parent or subsidiary of Manager, or to an entity under the same general ownership or control as Manager, so long as such other entity: (a) is capable of, and agrees to provide, at least the same level of service as Manager provided prior to such assignment; and (b) specifically agrees in writing to comply with the terms and provisions of this Agreement.

8. Binding Effect. Subject to the provisions regarding assignment, this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

9. Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee. CI and Manager each hereby expressly agree and consent to the exclusive jurisdiction of the courts of the State of Tennessee with respect to all actions arising from, out of, or with respect to this Agreement.

10. Severability. If any provision contained in this Agreement is properly determined to be invalid, illegal or unenforceable, then such provision should automatically be amended to make it valid, legal and enforceable, but keeping it as close to its original meaning as possible. Such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, which shall remain in full force and effect.


11. **Entire Agreement; Amendment.** This Agreement contains the entire agreement between CI and Manager relating to the rights herein granted and obligations herein assumed. Except as specifically provided otherwise herein, this Agreement may be amended only by a written instrument signed by both CI and Manager and may not be amended orally.

12. **Attorneys' Fees.** If any action at law or in equity is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to recover from the other party its reasonable attorneys' fees, expert witness fees and all other related costs, in addition to any other relief to which the prevailing party may be entitled.


13. **Further Assurances.** CI and Manager shall each cooperate and shall each execute, acknowledge and deliver such instruments, do such things and perform such acts, as may be reasonably necessary to carry out the terms and conditions of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date above first written.

AUI, LLC

By: 
Jeff Callahan, President

COMMUNITY INITIATIVE

By: 
Doug Goff, Chairman of the Board

Capital Resources Group, LLC

Serving All Your Company's Financial Needs

November 20, 2006

Mr. Jeffery A. Cahallan
870 Oakland Court
Cookeville, TN 38205

RE: Community Initiative, Inc. \$600,000.00 Loan Application


Dear Mr. Callahan:

We are processing your loan application where the loan proceeds will be used to purchase RBS Gas Utility, Inc. and to provide working capital. It is our intention to fund the loan within the next thirty (30) days.

The loan has not gone to loan committee yet so I can not give you a commitment at this time. However, our file is complete and I know of no reason why the loan will not be approved.

We appreciate the opportunity to assist you with your financial needs.

Sincerely yours,



Wayne C. Lance
Chief Executive Officer

306 W. Depot Avenue · Suite 180 · Knoxville, TN 37917
Phone: 865.673.8700 · Fax: 865.673.8701 · Toll Free 877.546.1637
www.capitalresourcesgroupllc.com



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November 16, 2006

Mr. Jeff Callahan, President
AUI, LLC
222 West Spring Street
Cookeville, TN 38501

RE: Red Boiling Springs Gas Utility District Application

Dear Mr. Callahan:

This letter is to verify that Community Initiative, Inc. has submitted an application to USDA Rural Development for the purpose of obtaining financial assistance on a project known as the Red Boiling Springs Gas Utility. This application is presently under review and consideration by the USDA Rural Development.

Depending on the availability of funds and loan approval conditions, complete applications of this nature typically require 3 to 6 months for review and processing to conclusion.

Sincerely,

A handwritten signature in black ink, reading "Jerry W. Jolley". The signature is written in a cursive, flowing style.

JERRY W. JOLLEY
Area Specialist

cc: Glen Tilton, President Community Initiative, Inc.

AGREEMENT TO PURCHASE
ASSETS OF RBS GAS UTILITY, INC.

THIS AGREEMENT is made and entered into as between Receivership Management, Inc., the court-appointed Receiver for RBS Gas Utility, Inc. ("Receiver") and Community Initiative, Inc. ("Community Initiative").

1. Community Initiative has been informed by the Receiver that it will recommend to the Chancery Court for Macon County, Tennessee ("Receivership Court") that Community Initiative's bid for the purchase of the assets of RBS Gas Utility be accepted and approved.
2. In consideration for the Receiver's recommendation, Community Initiative agrees that it will not withdraw, or otherwise materially alter, the bid terms as set forth below, unless and until the Receivership Court does not approve Community Initiative's bid:
 - a) Payment of \$250,000 from Community Initiative to the Receiver for the purchase of the RBS Gas Utility assets as set forth below;
 - b) Community Initiative may elect to establish a subsidiary or sister company to hold title to the RBS assets purchased and to operate the gas utility (reference to "Community Initiative" should, therefore, include its assigns).
 - c) Payment of the above-referenced amount is contingent upon i) Community Initiative's receiving funding from the United States Department of Agriculture, ii) the City of Red Boiling Springs issuing of an acceptable franchise contract to Community Initiative, iii) Community Initiative's successful petition to the Tennessee Regulatory Authority for all regulatory approvals needed to transfer or have issued a Certificate of Public Convenience and Necessity to Community Initiative and iv) Community Initiative entering into a gas supply agreement of reasonable terms with a gas supplier;
 - d) Assignment of all existing customer contracts from RBS Gas Utility to Community Initiative, including the existing customer contract with Nestlé Water North America;
 - e) Assignment to Community Initiative of whatever interest is held in the month-to-month lease with Stitches, Inc. for the current RBS Gas Utility office located at 233 Main Street, Red Boiling Springs, Tennessee 37150;
 - f) Continued employment of the sole employee of RBS Gas Utility, Mr. Tim Scott, will be in the sole discretion of Community Initiative;

- g) Assignment by the Receiver and the receipt by Community Initiative of all inventory, supplies and equipment belonging to RBS Gas Utility, which, in the good faith belief of the Receiver, is free and clear of all liens, encumbrances and claims;
- h) Community Initiative will be responsible for establishing a supplier agreement for customer needs from a natural gas supplier whether or not that agreement be with the current natural gas supplier, Atmos Energy Marketing, LLC;
- i) Cash on hand will remain an asset of the RBS Gas Utility Receivership;
- j) With an anticipated closing date of November 1, 2006, Community Initiative will be responsible for the billing of and collections from RBS Gas Utility customers for October 2006 usage and for the payment of Atmos Energy Marketing, LLC for October 2006 gas supplied, provided that the closing indeed does take place on November 1, 2006;
- k) All previous uncollected balances will be assigned to Community Initiative;
- l) All deposits from current customers held by RBS Gas Utility as of the closing date of the transaction (i.e., anticipated to be November 1, 2006) will be assigned to Community Initiative and will be paid by the Receiver to Community Initiative from either cash on hand or the sale proceeds. The Receiver will retain responsibility for payment of deposits of non-current customers and will retain the funds on deposit necessary to address those payments;
- m) Tax liabilities, and the filing of matters related to those tax liabilities, up to the date of the closing of the transaction will be the responsibility of the Receiver to address; tax liabilities, and the filing of matters relating to those tax liabilities, on and after the date of the closing will be the responsibility of Community Initiative;
- n) The unpaid debt of RBS Gas Utility, including any amounts owed to Atmos Energy Marketing, LLC for gas supplied to RBS Gas Utility prior to October 2006, will be addressed by the Receiver in further liquidating the estate of that company as set forth herein; and
- o) The Receiver and Community Initiative will take all reasonable actions to address matters needed to effectuate this transaction, particularly, in the thirty (30) to sixty (60) day timeframe immediately prior to and immediately subsequent to the closing of the transaction (i.e., anticipated to be November 1, 2006).

3. Withdrawal of the Community Initiative bid because, despite prompt, persistent and reasonable efforts, a) it was unable to secure financing from the United States Department of Agriculture, b) it was unable to secure all regulatory approvals needed to transfer or have issued a Certificate of Public Convenience and Necessity from the Tennessee Regulatory Authority, c) it was unable to secure a franchise contract from the City of Red Boiling Springs, d) it was unable to secure approval of the bid from the Receivership Court and/or e) it was unable to secure a gas supply agreement reasonably acceptable to it, will not be considered a breach of this Agreement. However, withdrawal of the bid, for any reason other than as outlined above in this paragraph, or the material alteration of that bid, will be considered a material breach of this Agreement.
4. The parties to this Agreement acknowledge that the damages arising from a material breach of this Agreement by Community Initiative would be difficult to calculate. In the event of a material breach of this Agreement by Community Initiative, it is agreed that a liquidated amount of \$5,000 would constitute the damages arising from that breach. It is further agreed that the \$5,000 referenced above is not punitive but, to the extent possible, approximates the damages that the Receiver would sustain if Community Initiative breaches this Agreement.

It is SO AGREED:

RECEIVERSHIP MANAGEMENT, INC.,
as Receiver of RBS Gas Utility, Inc.,
in Receivership

COMMUNITY INITIATIVE, INC.

By: *James B. Bryant*
Its: *President*
Date: *8-30-06*

By: _____
Its: _____
Date: _____

**AGREEMENT TO PURCHASE
ASSETS OF RBS GAS UTILITY, INC.**

THIS AGREEMENT is made and entered into as between Receivership Management, Inc., the court-appointed Receiver for RBS Gas Utility, Inc. ("Receiver") and Community Initiative, Inc. ("Community Initiative").

1. Community Initiative has been informed by the Receiver that it will recommend to the Chancery Court for Macon County, Tennessee ("Receivership Court") that Community Initiative's bid for the purchase of the assets of RBS Gas Utility be accepted and approved.
2. In consideration for the Receiver's recommendation, Community Initiative agrees that it will not withdraw, or otherwise materially alter, the bid terms as set forth below, unless and until the Receivership Court does not approve Community Initiative's bid:
 - a) Payment of \$250,000 from Community Initiative to the Receiver for the purchase of the RBS Gas Utility assets as set forth below;
 - b) Community Initiative may elect to establish a subsidiary or sister company to hold title to the RBS assets purchased and to operate the gas utility (reference to "Community Initiative" should, therefore, include its assigns).
 - c) Payment of the above-referenced amount is contingent upon
i) Community Initiative's receiving funding from the United States Department of Agriculture, ii) the City of Red Boiling Springs issuing of an acceptable franchise contract to Community Initiative and
iii) Community Initiative's successful petition to the Tennessee Regulatory Authority for all regulatory approvals needed to transfer or have issued a Certificate of Public Convenience and Necessity to Community Initiative;
 - d) Assignment of all existing customer contracts from RBS Gas Utility to Community Initiative, including the existing customer contract with Nestlé Water North America;
 - e) Assignment to Community Initiative of whatever interest is held in the month-to-month lease with Stitches, Inc. for the current RBS Gas Utility office located at 233 Main Street, Red Boiling Springs, Tennessee 37150;
 - f) Continued employment of the sole employee of RBS Gas Utility, Mr. Tim Scott, will be in the sole discretion of Community Initiative;

- g) Assignment by the Receiver and the receipt by Community Initiative of all inventory, supplies and equipment belonging to RBS Gas Utility, which, in the good faith belief of the Receiver, is free and clear of all liens, encumbrances and claims;
 - h) Community Initiative will be responsible for establishing a supplier agreement for customer needs from a natural gas supplier whether or not that agreement be with the current natural gas supplier, Atmos Energy Marketing, LLC;
 - i) Cash on hand will remain an asset of the RBS Gas Utility Receivership;
 - j) With an anticipated closing date of November 1, 2006, Community Initiative will be responsible for the billing of and collections from RBS Gas Utility customers for October 2006 usage and for the payment of Atmos Energy Marketing, LLC for October 2006 gas supplied;
 - k) All previous uncollected balances will be assigned to Community Initiative;
 - l) All deposits from current customers held by RBS Gas Utility as of the closing date of the transaction (i.e., anticipated to be November 1, 2006) will be assigned to Community Initiative and will be paid by the Receiver to Community Initiative from either cash on hand or the sale proceeds. The Receiver will retain responsibility for payment of deposits of non-current customers and will retain the funds on deposit necessary to address those payments;
 - m) Tax liabilities, and the filing of matters related to those tax liabilities, up to the date of the closing of the transaction will be the responsibility of the Receiver to address; tax liabilities, and the filing of matters relating to those tax liabilities, on and after the date of the closing will be the responsibility of Community Initiative;
 - n) The unpaid debt of RBS Gas Utility, including any amounts owed to Atmos Energy Marketing, LLC for gas supplied to RBS Gas Utility prior to October 2006, will be addressed by the Receiver in further liquidating the estate of that company as set forth herein; and
 - o) The Receiver and Community Initiative will take all reasonable actions to address matters needed to effectuate this transaction, particularly, in the thirty (30) to sixty (60) day timeframe immediately prior to and immediately subsequent to the closing of the transaction (i.e., anticipated to be November 1, 2006).
3. Withdrawal of the Community Initiative bid because, despite reasonable efforts, a) it was unable to secure financing from the United States Department of Agriculture, b) it was unable to secure the transfer of the existing Certificate of Public Convenience and

Necessity from the Tennessee Regulatory Authority, c) it was unable to secure a franchise contract from the City of Red Boiling Springs and/or d) it was unable to secure approval of the bid from the Receivership Court, will not be considered a breach of this Agreement. However, withdrawal of the bid, for any reason other than as outlined above in this paragraph, or the material alteration of that bid, will be considered a material breach of this Agreement.

4. The parties to this Agreement acknowledge that the damages arising from a material breach of this Agreement by Community Initiative would be difficult to calculate. In the event of a material breach of this Agreement by Community Initiative, it is agreed that a liquidated amount of \$5,000 would constitute the damages arising from that breach. It is further agreed that the \$5,000 referenced above is not punitive but, to the extent possible, approximates the damages that the Receiver would sustain if Community Initiative breaches this Agreement.

It is SO AGREED:

RECEIVERSHIP MANAGEMENT, INC.,
as Receiver of RBS Gas Utility, Inc.,
in Receivership

COMMUNITY INITIATIVE, INC.

By: _____

Its: _____

Date: _____

By: M. H. Danell

Its: President

Date: 08/30/06

Community Initiative
Income, Investment and Rate of Return Analysis of Red Boiling Springs Gas Company Acquisition

Sheet 1

	2007	2008	2009	2010	2011	Average
Base Revenues:						
Residential	\$142,200 A/	\$156,420 H/	\$172,062 H/	\$189,268 H/	\$208,195 H/	\$173,629
Commercial	31,680 A/	34,848 H/	38,333 H/	42,166 H/	46,383 H/	38,682
Industrial/Special Contract	122,400 A/	122,400 A/	122,400 A/	122,400 A/	122,400 A/	122,400
Total Base Revenue	\$296,280	\$313,668	\$332,795	\$353,834	\$376,978	\$334,711
Operating Expenses:						
Salaries & Wages	\$191,615 B/	\$121,615 I/	\$121,615 I/	\$121,615 I/	\$121,615 I/	\$135,615
Depreciation Expense	24,000 C/	42,500 J/	82,500 J/	127,500 J/	172,500 J/	89,800
Office Expense	21,120 D/	21,120 D/	21,120 D/	21,120 D/	21,120 D/	21,120
Repair & Maintenance	3,116 D/	3,116 D/	3,116 D/	3,116 D/	3,116 D/	3,116
Professional Services	50,000 D/	15,000 D/	15,000 D/	15,000 D/	15,000 D/	22,000
Insurance Expense	25,000 D/	25,000 D/	25,000 D/	25,000 D/	25,000 D/	25,000
Licenses & Permits Expense	2,715 D/	2,715 D/	2,715 D/	2,715 D/	2,715 D/	2,715
Total Operating Expenses	\$317,566	\$231,066	\$271,066	\$316,066	\$361,066	\$299,366
Net Operating Income	-\$21,286	\$82,602	\$61,729	\$37,768	\$15,912	\$35,345
Rate Base (Average):						
Plant in Service	\$250,000 E/	\$600,000 K/	\$1,050,000 M/	\$1,500,000 M/	\$1,950,000 M/	\$1,070,000
Accumulated Depreciation	-12,000 F/	-54,500 L/	-137,000 L/	-264,500 L/	-437,000 L/	-181,000
Working Capital	39,696 G/	28,883 G/	33,883 G/	39,508 G/	45,133 G/	37,421
Rate Base	\$277,696	\$574,383	\$946,883	\$1,275,008	\$1,558,133	\$926,421
Rate of Return	-7.67%	14.38%	6.52%	2.96%	1.02%	3.82%

A/ See Sheet 2.

B/ First year expense of \$43,535 for Field Labor; \$28,080 for Clerical Labor; and \$120,000 for Management Labor.

C/ Average Plant in Service * 10%.

D/ Management assumptions based on anticipated costs.

E/ Initial Investment for purchase.

F/ One half (1/2) of Depreciation Expense.

G/ One eighth (1/8) of Total Operating Expenses.

H/ Ten percent (10%) increase over previous year due to plant expansion.

I/ Post first year expense of \$43,535 for Field Labor; \$28,080 for Clerical Labor; and \$50,000 for Management Labor.

J/ Average of current and previous year plant in service @ 10%.

K/ Previous Year Plant in Service + \$100,000 for inspection/mapping and \$250,000 for system expansion.

L/ Previous Year Balance of Accumulated Depreciation + Current Year Depreciation Expense.

M/ Previous Year Plant in Service + \$450,000 for system expansion and reserve.

Community Initiative
Revenue Analysis of Red Boiling Springs Gas Company Acquisition

Sheet 2

	<u>Mcf/Dkt Determinant A/</u>	<u>Existing RBS Rate D/</u>	<u>Proposed AUI Rate E/</u>	<u>Existing RBS Revenues</u>	<u>Proposed AUI Revenues</u>	<u>Difference</u>
Residential:						
Mcf Volumes	24,000 B/	\$4.29	\$5.00	\$102,960	\$120,000	\$17,040
Customers (Bills):						
Winter	1,110 C/	5.00	12.00	5,550	13,320	7,770
Summer	1,110	5.00	8.00	5,550	8,880	3,330
Total Residential				\$114,060	\$142,200	\$28,140
Commercial:						
Mcf Volumes	6,000 B/	\$4.29	\$5.00	\$25,740	\$30,000	\$4,260
Customers (Bills):						
Winter	24 C/	5.00	35.00	120	840	720
Summer	24	5.00	35.00	120	840	720
Total Commercial				\$25,980	\$31,680	\$5,700
Industrial & Special Contract:						
Mcf Volumes	24,000 B/	\$0.50	\$5.00	\$12,000	\$120,000	\$108,000
Customers (Bills):						
Winter	6 C/	0.00	200.00	0	1,200	1,200
Summer	6	0.00	200.00	0	1,200	1,200
Total Industrial & Special Contract				\$12,000	\$122,400	\$110,400
Total Base Rate Margin				\$152,040	\$296,280	\$144,240

A/ For simplicity, we assume in this analysis that 1 Mcf = 1 Dkt.

B/ Customer charges assumes 185 residential, 4 commercial and 1 industrial customer.

C/ Mcf Volumes of 24,000 each customer class closely approximates current usage.

D/ RBS Tariff Sheets less \$3.21/Mcf of gas cost in base rates.

E/ Proposed tariff sheets included in Company's Petition.

Dear Friend:

We are pleased to announce that Community Initiative ("CI") will soon begin operating the natural gas distribution system for the Red Boiling Springs area. CI is a Section 501(c)(3) nonprofit organization which was formed in part to help provide essential services and to enhance the economy and quality of life in the communities in Middle Tennessee, such as Red Boiling Springs.

We appreciate the opportunity to serve you. We know of the recent problems with the previous operator; however, we are in no way affiliated with it and hope to earn your trust as we move forward to service our customers.

In an effort to assist both new and existing customers, CI has contracted with AUI, LLC to provide operations and maintenance for the gas system. AUI has been in business for a number of years, providing engineering, maintenance, testing and service to utility systems throughout the southeast. Also, in an effort to ensure the stability needed within the gas system, we are pleased to announce that AUI has hired Mr. Tim Scott to continue in his role as field operations manager of the system. Tim has been providing maintenance and assistance for many years with the gas system in the Red Boiling Springs area. He will be there to continue to serve you on a daily basis.

We are excited to be a part of Macon County and look forward to working with you. In the near future, we will schedule a town meeting, which we hope you will attend. At this meeting, Tim Scott, along with representatives of CI and AUI, will be available to address any questions that you may have or issues that you may want to discuss regarding natural gas service. We always want to hear your suggestions about what we can do to serve you better. You will be notified of the time and place of the meeting in the near future.

At CI, we understand that trust and confidence must be earned, and we appreciate the opportunity to earn yours. If at any time, you have a comment regarding our service or the gas system, please let us know. We invite everyone to discover the benefits and cost savings of using natural gas, and look forward to getting to know you better.

Sincerely,

Glen Tilton, President
Community Initiative

Jeff Callahan, President
AUI, LLC