

H&S Companies

Hendon & Slate, PC
Certified Public Accountants
Business Consultants

January 23, 2008

Alternatives In Motion
201 Matilda NE
Grand Rapids, MI 49503

The accompanying statement of financial position and the related statements of activities, net assets, cash flows, and supplementary information of Alternatives In Motion, (a non-profit organization), for the twelve months ended December 31, 2007 and December 31, 2006 have been compiled by us in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Hendon & Slate

HENDON & SLATE, P.C.
Certified Public Accountants

Grand Rapids
3986 Lake Michigan Dr. NW
Grand Rapids, MI 49546
Phone (616) 453-8551
Fax (616) 453-9352

Muskegon
4985 South Harvey Street
Muskegon, MI 49444
Phone (231) 798-1040
Fax (231)-798-8409

Fremont
711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Montague
4538 Dowling Street
Montague, MI 49437
Phone (231) 893-6772

Hart
1550 N. Industrial Park Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

www.hscompanies.com

PRELIMINARY

ALTERNATIVES IN MOTION
 Balance Sheet
 December 31, 2007 and December 31, 2006

Assets

	<u>2007</u>	<u>2006</u>
Current Assets		
Macatawa Checking	\$ 7,465	\$ 6,759
Macatawa Savings	961	508
Edward Jones Investments	-	1,402
Advances	-	10,698
Accounts Receivable - Tap Shoe	28,596	26,005
Inventory	158,463	147,818
	<hr/>	<hr/>
Total Current Assets	195,485	193,190
Property and Equipment		
Equipment	116,952	115,792
Leasehold Improvements	13,849	4,689
Furniture and Fixtures	30,601	30,601
Less: Accumulated Depreciation	(102,361)	(102,361)
	<hr/>	<hr/>
Net Property and Equipment	59,041	48,721
	<hr/>	<hr/>
Total Assets	<u>\$ 254,526</u>	<u>\$ 241,911</u>

Liabilities and Net Assets

Current Liabilities		
Accounts Payable	\$ 2,499	\$ 11,702
FICA/Federal W/H payable	2,187	2,069
MI W/H Payable	565	593
GR W/H Payable	66	55
Credit Card - Advanta	7,772	26,924
Credit Card - Elan	12,935	8,523
Credit Card - Chase	8,207	-
Line of Credit	30,150	30,000
AB Dick Lease	15	433
	<hr/>	<hr/>
Total Current Liabilities	64,396	80,299
	<hr/>	<hr/>
Net Assets	190,130	161,612
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 254,526</u>	<u>\$ 241,911</u>

PRELIMINARY

See Accountants' Compilation Report

ALTERNATIVES IN MOTION

Statement of Activities

	1 Month Ended <u>Dec. 31, 2007</u>	<u>%</u>	1 Month Ended <u>Dec. 31, 2006</u>	<u>%</u>	12 Months <u>Dec. 31, 2007</u>	<u>%</u>	12 Months <u>Dec. 31, 2006</u>	<u>%</u>
Support and Revenue								
Cash Donations	\$ 3,010	8.38	\$ 3,215	12.18	\$ 12,163	3.76	\$ 14,276	3.99
Directed Donations	-	-	-	-	-	-	11,151	3.11
Corp. Cash Donations	-	-	-	-	1,000	0.31	2,586	0.72
Grants	-	-	-	-	105,670	32.69	82,000	22.89
Schools Cash Donations	4,719	13.14	-	-	10,023	3.10	5,936	1.66
Fundraisers	-	-	-	-	8,368	2.59	6,556	1.83
Golf Fundraiser	1,500	4.18	6,000	22.74	26,426	8.18	26,112	7.29
Capital Campaign	290	0.81	-	-	860	0.27	-	-
Miscellaneous Income	-	-	-	-	6	-	487	0.14
In-Kind Donations	26,382	73.49	17,172	65.08	158,689	49.10	209,136	58.38
Total Support and Revenue	35,901	100.00	26,387	100.00	323,205	100.00	358,240	100.00
Expenses								
Program Expenses								
Mobility Equipment	11,526	32.10	45,684	173.13	123,071	38.08	153,000	42.71
Salaries	2,917	8.13	6,747	25.57	33,692	10.42	35,910	10.02
Payroll Taxes	223	0.62	279	1.06	2,578	0.80	2,510	0.70
Health Insurance	-	-	-	-	322	0.10	-	-
Management and General								
Salaries	5,860	16.32	7,868	29.82	64,555	19.97	47,968	13.39
Payroll Taxes	448	1.25	365	1.38	4,939	1.53	4,803	1.34
Health Insurance	-	-	-	-	322	0.10	-	-
Office Rent	625	1.74	1,461	5.54	7,173	2.22	17,535	4.89
Office Supplies	-	-	(352)	(1.33)	1,091	0.34	534	0.15
Web site	-	-	20	0.08	80	0.02	100	0.03
Computer Expense	-	-	-	-	4,067	1.26	60	0.02
Postage	82	0.23	25	0.09	292	0.09	450	0.13
Professional Services	-	-	950	3.60	5,240	1.62	4,320	1.21
Insurance	-	-	-	-	1,244	0.38	-	-
Repairs & Maintenance	-	-	1,071	4.06	484	0.15	1,071	0.30
Utilities and Telephone	142	0.40	232	0.88	1,483	0.46	1,611	0.45
Advertising	-	-	-	-	113	0.03	-	-
Training	-	-	-	-	105	0.03	55	0.02
Travel/Auto	(31)	(0.09)	(136)	(0.52)	4,454	1.38	4,271	1.19
Travel--Van Expenses	-	-	(42)	(0.16)	-	-	(42)	(0.01)
Meals	-	-	14	0.05	-	-	114	0.03
Dues and Subscriptions	10	0.03	-	-	225	0.07	359	0.10
Bank Fees	33	0.09	14	0.05	222	0.07	81	0.02
Miscellaneous	-	-	-	-	16	-	-	-
Fundraising								
Fund Raising	-	-	810	3.07	3,769	1.17	2,543	0.71
Golf Tournament	-	-	-	-	11,373	3.52	11,149	3.11
Total Expenses	21,835	60.82	65,010	246.37	270,909	83.82	288,402	80.51
Excess Support and Revenue Over Expenses	14,067	39.18	(38,623)	(146.37)	52,296	16.18	69,838	19.49

See Accountants' Compilation Report

PRELIMINARY

ALTERNATIVES IN MOTION

Statement of Activities

	1 Month Ended		1 Month Ended		12 Months		12 Months	
	<u>Dec. 31, 2007</u>	<u>%</u>	<u>Dec. 31, 2006</u>	<u>%</u>	<u>Dec. 31, 2007</u>	<u>%</u>	<u>Dec. 31, 2006</u>	<u>%</u>
Other Income/Expense								
Depreciation	-	-	(24,299)	(92.09)	-	-	(24,299)	(6.78)
Obsolete Inventory	(13,530)	(37.69)	(16,032)	(60.76)	(19,956)	(6.17)	(18,532)	(5.17)
Interest Income	1	-	1	-	1	-	4	-
Dividends	-	-	3	0.01	-	-	3	-
Loss on Sale of Stock	-	-	-	-	(77)	(0.02)	-	-
Gain(Loss) on Asset Disposal	-	-	(25)	(0.09)	-	-	(25)	(0.01)
Unrealized Gain(Loss) on Invest	-	-	(490)	(1.86)	-	-	(490)	(0.14)
Interest Expense	(41)	(0.11)	3,836	14.54	(3,747)	(1.16)	(4,639)	(1.29)
Total Other Income (Expense)	<u>(13,570)</u>	<u>(37.80)</u>	<u>(37,006)</u>	<u>(140.24)</u>	<u>(23,779)</u>	<u>(7.36)</u>	<u>(47,978)</u>	<u>(13.39)</u>
Increase (Decrease) in Net Assets	<u>\$ 497</u>	<u>1.38</u>	<u>\$ (75,628)</u>	<u>(286.61)</u>	<u>\$ 28,518</u>	<u>8.82</u>	<u>\$ 21,860</u>	<u>6.10</u>

ALTERNATIVES IN MOTION

Statement of Net Assets

	<u>12 Months Ended December 31, 2007</u>	<u>12 Months Ended December 31, 2006</u>
Beginning Net Assets	\$ 161,612	\$ 139,752
Plus: Net Income (Loss)	<u>28,518</u>	<u>21,860</u>
Ending Net Assets	<u><u>\$ 190,130</u></u>	<u><u>\$ 161,612</u></u>

PRELIMINARY

See Accountants' Compilation Report

ALTERNATIVES IN MOTION

Statements of Cash Flows

For the Years Ended December 31, 2007 and December 31, 2006

	2007	2006
Cash Flows from Operating Activities		
Net Income (Loss)	\$ 28,518	\$ 21,860
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and Amortization	-	24,299
Losses (Gains) on sales of Fixed Assets	-	25
Decrease (Increase) in Operating Assets:		
Advances	10,698	(616)
Inventory	(10,645)	(36,458)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(9,203)	(4,995)
Credit Card Liabilities	(6,533)	4,156
Affiliate Payable/Receivable	(2,590)	(430)
Accrued Liabilities	<u>102</u>	<u>548</u>
Net Cash Provided By (Used In) Operating Activities	10,347	8,389
Cash Flows from Investing Activities		
Capital Expenditures	<u>(10,320)</u>	<u>(3,004)</u>
Net Cash Provided By (Used In) Investing Activities	(10,320)	(3,004)
Cash Flows from Financing Activities		
Notes Payable Borrowings	30,150	-
Notes Payable Repayments	<u>(30,418)</u>	<u>(1,880)</u>
Net Cash Provided By (Used In) Financing Activities	<u>(268)</u>	<u>(1,880)</u>
Net Increase (Decrease) in Cash	(241)	3,505
Cash at Beginning of Period	<u>8,669</u>	<u>5,163</u>
Cash at End of Period	<u>\$ 8,428</u>	<u>\$ 8,668</u>

PRELIMINARY

See Accountants' Compilation Report

ALTERNATIVES IN MOTION

Subsidiary Schedules

December 31, 2007

IN - KIND DONATIONS

	1 Month Ended		1 Month Ended		12 Months		12 Months	
	<u>Dec. 31, 2007</u>	%	<u>Dec. 31, 2006</u>	%	<u>Dec. 31, 2007</u>	%	<u>December 31,</u>	%
Mobility In-Kind Donations	\$ 25,097	95.13	\$ 15,711	91.49	\$ 152,839	96.31	\$ 188,490	90.13
Rent In-Kind Donations	125	0.47	1,461	8.51	4,173	2.63	17,535	8.38
Other In-Kind Donations	<u>1,160</u>	<u>4.40</u>	<u>-</u>	<u>-</u>	<u>1,677</u>	<u>1.06</u>	<u>3,111</u>	<u>1.49</u>
Total In-Kind Donations	<u>\$ 26,382</u>	<u>100.00</u>	<u>\$ 17,172</u>	<u>100.00</u>	<u>\$ 158,689</u>	<u>100.00</u>	<u>\$ 209,136</u>	<u>100.00</u>

INVENTORY

One Month Ended December 31, 2007

	<u>Beginning</u> <u>Inventory</u>		<u>Additional</u> <u>Donations</u>		<u>Less</u> <u>Items Placed</u>		<u>Ending</u> <u>Inventory</u>
Value of Inventory	\$ 158,134		\$ 25,097		\$ 24,768		\$ 158,463
Additional Costs					<u>(13,242)</u>		
Total Mobility Costs					<u>\$ 11,526</u>		
# of Items Placed					8		
Average \$ per Item					\$ 1,441		
# of Recipients Assisted					8		

Twelve Months Ended December 31, 2007

	<u>Beginning</u> <u>Inventory</u>		<u>Additional</u> <u>Donations</u>		<u>Less</u> <u>Items Placed</u>		<u>Ending</u> <u>Inventory</u>
Value of Inventory	\$ 147,818		\$ 153,714		\$ 143,069		\$ 158,463
Additional Costs					<u>(19,998)</u>		
Total Mobility Costs					<u>\$ 123,071</u>		
# of Items Placed					62		
Average \$ per Item					\$ 1,985		
# of Recipients Assisted					79		

See Accountants' Compilation Report

PRELIMINARY