

BUILDING LIVES FOUNDATION, INC.

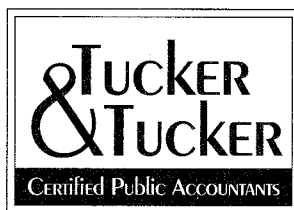
FINANCIAL STATEMENTS

For the year ended June 30, 2010

BUILDING LIVES FOUNDATION, INC.

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LAURIE TUCKER

A PROFESSIONAL LIMITED LIABILITY COMPANY

JERRY TUCKER

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Building Lives Foundation, Inc.

We have audited the accompanying statement of financial position of Building Lives Foundation, Inc. (a nonprofit organization) as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Building Lives Foundation, Inc. as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Tucker & Tucker PLLC

A handwritten signature in cursive script that reads "Tucker & Tucker PLLC".

Brentwood, TN
November 17, 2010

BUILDING LIVES FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2010

Assets

Current assets:	
Cash and cash equivalents	\$ 10,568
Inventory, net of allowance	6,250
Prepaid expenses	<u>1,975</u>
Total current assets	18,793
Notes receivable, net	<u>17,029</u>
Total assets	<u>\$ 35,822</u>

Liabilities and Net Assets

Liabilities:	
Accounts payable and accrued expenses	\$ <u>10,519</u>
Total liabilities	<u>10,519</u>
Net assets:	
Unrestricted	<u>25,303</u>
Total net assets	<u>25,303</u>
Total liabilities and net assets	<u>\$ 35,822</u>

See accompanying notes

BUILDING LIVES FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2010

	<u>Unrestricted</u>	<u>Total</u>
Public support and revenue:		
Fundraising	\$ 126,158	\$ 126,158
In-kind contributions	36,983	36,983
Contributions	25,701	25,701
Program services	16,319	16,319
Other	<u>153</u>	<u>153</u>
Total public support and revenue	<u>205,314</u>	<u>205,314</u>
Expenses:		
Program services	<u>70,954</u>	<u>70,954</u>
Supporting services:		
Management and general	6,276	6,276
Fundraising	<u>112,559</u>	<u>112,559</u>
Total supporting services	<u>118,835</u>	<u>118,835</u>
Total expenses	<u>189,789</u>	<u>189,789</u>
Change in net assets	15,525	15,525
Net assets at beginning of year	<u>9,778</u>	<u>9,778</u>
Net assets at end of year	<u><u>\$ 25,303</u></u>	<u><u>\$ 25,303</u></u>

See accompanying notes

BUILDING LIVES FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2010

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Fundraising expense	\$ -	\$ 104,227	\$ -	\$ 104,227
Vehicles acquired (including in-kind of \$9,290)	16,786	-	-	16,786
Rent expense	14,220	-	-	14,220
Compensation	8,581	1,200	3,780	13,561
Vehicle expenses	9,441	-	-	9,441
Client support	8,755	-	-	8,755
Apartment furnishings	6,418	-	-	6,418
Professional fees (including in-kind of \$693)	714	5,490	-	6,204
Bad debt expense	2,525	-	-	2,525
Utilities	2,389	-	-	2,389
Administrative expenses	776	776	777	2,329
Insurance expense	-	-	950	950
Web site expense	-	675	-	675
Miscellaneous	-	-	536	536
Postage and delivery	162	162	161	485
Telephone	187	29	72	288
	<u>\$ 70,954</u>	<u>\$ 112,559</u>	<u>\$ 6,276</u>	<u>\$ 189,789</u>

See accompanying notes

BUILDING LIVES FOUNDATION, INC.
STATEMENT OF CASH FLOWS
For the year ended June 30, 2010

Cash flows from operating activities:	
Change in net assets	\$ 15,525
Adjustments to reconcile change in net assets	
to net cash provided by (used in) operating activities:	
Inventory	(5,900)
Prepaid expenses	(1,500)
Notes receivable	(4,692)
Accounts payable and accrued expenses	<u>4,442</u>
Net cash provided by (used in) operating activities	7,875
Net increase (decrease) in cash and cash equivalents	7,875
Cash and cash equivalents - beginning of year	<u>2,693</u>
Cash and cash equivalents - end of year	<u>\$ 10,568</u>

See accompanying notes

BUILDING LIVES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature and Organization

Organized in 2006, Building Lives Foundation, Inc. (the Foundation) is a not-for-profit corporation committed to assisting veterans by providing mentoring, health and psychological care through referrals, employment assistance, transportation, housing and financial education. The Foundation's goal is to support and transition veterans to become productive members of the middle Tennessee community.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

At June 30, 2010, the Foundation had no temporarily or permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents.

Inventory

The Foundation's inventory consists of vehicles and items donated for use in fundraising activities. The inventory is valued at the lower of cost or market if purchased with Foundation funds. Inventory donated to the Foundation is recorded at market value on the date of receipt. A valuation allowance has been recorded to reflect the estimated net realizable value of the donated inventory. Cost of sales is based on the specific identification method.

BUILDING LIVES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment will be stated at cost less accumulated depreciation. Depreciation will be computed on a straight-line basis over an estimated useful life of three to five years. Maintenance and repairs will be charged to expense as incurred. Major purchases and betterments will be capitalized. The foundation does not own any premises or equipment as of June 30, 2010.

Notes Receivable

Vehicles are financed to veterans by short-term and long-term unsecured, non-interest bearing notes receivable. Notes receivable are reported using the interest method and discounted using an estimated interest rate. The appropriate amount of interest income is recognized over the life of the note through amortization of the discount. The Foundation periodically reviews all delinquent accounts and charges off accounts after collection efforts are exhausted.

The allowance for doubtful accounts represents an amount which, in management's judgment, will be adequate to absorb potentially uncollectible notes receivable. In determining the adequacy of the allowance, management considers general economic conditions, the customer's financial ability and the age of the receivable.

Revenue Recognition

Revenue and support are recognized as income during the fiscal year in which they are earned.

Gifts-in-kind contributions consist of donated vehicles, inventory donated for use in fundraising activities, and contributed services. Donated vehicles and inventory are recorded based on their estimated fair value at the date of the contribution. Donated services are recorded at their fair value.

Fundraising primarily consists of benefit concerts and an annual warehouse sale organized by the Foundation. The portion of ticket sales that represents fair value is recorded as fundraising income and the excess is classified as donations on the statement of activities. For the year ending June 30, 2010, all ticket sales were considered fundraising income.

BUILDING LIVES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

The Foundation expenses all advertising costs as they are incurred.

Income Tax Status

The Internal Revenue Service has granted the Foundation exempt status under Section 501(c)(3) of the Internal Revenue Code (IRC) and has classified it as an organization that is not a private foundation as defined in Section 509(a) of the IRC. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and the differences could be material.

Date of Management's Review

Subsequent events were evaluated through November 17, 2010, which is the date the financial statements were available to be issued.

BUILDING LIVES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 2 - NOTES RECEIVABLE

The Foundation has unsecured notes receivable related to the sale of vehicles. The terms of the notes are eighteen months or less. The Foundation has estimated 6% as the discount rate to use related to these short term notes receivable. Notes receivable net of discount and allowance are as follows at June 30, 2010:

Gross notes receivable	\$ 21,972
Less:	
Discount on notes receivable	(181)
Allowance for doubtful accounts	(4,762)
	<u>\$ 17,029</u>

Due to the nature of the borrowers, the full value of notes receivable are deemed impaired.

NOTE 3 - INTENTIONS TO GIVE

As of June 30, 2010, the Foundation had no unfulfilled pledges from contributors. Such pledges are considered intentions to give. As they are not considered unconditional promises to give, they are not recognized until collected.

NOTE 4 - DONATED SERVICES

Officers, members of the Board of Directors, and other volunteers of the Foundation have assisted the Foundation in the accomplishment of its goals and objectives by the donation of their time and services. No amounts have been reflected in the financial statements as it was not practicable to determine the valuation of such services to the foundation, and the Foundation exercises no significant control over the major elements of these donated services.

NOTE 5 - LEASES

The Foundation has entered into six month leases to provide a number of veterans with housing. The veterans are required to reimburse the Foundation on a monthly basis. Leases are cancelable if a client moves out. At June 30, 2010, there were no leases to which the Foundation would be liable for payment of rents.

BUILDING LIVES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 6 - FAIR VALUE MEASUREMENT

The Foundation has an established process for determining fair values. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently-sourced market data, including interest rate yield curves, option volatilities and third party information. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Generally accepted accounting principles have a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization with the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels are explained as follows:

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measure.

The following table presents the financial instruments carried at fair value as of June 30, 2010 on the statement of financial position using the valuation hierarchy and subject to measurement on a non-recurring basis:

Fair Value Measurements on a Nonrecurring Basis
As of June 30, 2010

Description	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Total Gains (Losses)
Notes receivable	\$ 17,029	\$ -	\$ -	\$ 17,029	\$ -
Total	<u>\$ 17,029</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,029</u>	<u>\$ -</u>

BUILDING LIVES FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 6 - SUBSEQUENT EVENTS

On August 16, 2010, the Foundation entered into a short-term lease agreement for a facility providing temporary housing to chronically homeless individuals and homeless veterans. The Foundation will manage the facility in exchange for accommodations and employment for veterans served by the Foundation. The Foundation will collect all revenues generated by the veterans and remit a portion of such revenues to the lessee.