

Rebuilding Together Nashville, Inc.

Financial Statements

With Independent Accountant's Report Thereon

FOR THE YEAR ENDED JUNE 30, 2011

H A Beasley & Company, PC
Certified Public Accountants
Murfreesboro, Tennessee



H A Beasley & Company, PC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rebuilding Together Nashville, Inc.

We have audited the accompanying statement of financial position of Rebuilding Together Nashville, Inc. (a nonprofit organization) as of June 30, 2011, and the related statement of activities 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 audits.

We conducted our audits 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 audits provide 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 Rebuilding Together Nashville, Inc. as of June 30, 2011, 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.

A handwritten signature in black ink, appearing to be 'HAB', written over a horizontal line.

H A Beasley & Company, PC
Murfreesboro, TN
September 12, 2011

A Positive Difference Through Professional Accounting Service

Phone: (615) 895-5675 • www.HABeasley.com • Fax: (615) 895-5660

P.O. Box 11669 • 111 MTCS Drive • Murfreesboro, TN 37129

Rebuilding Together Nashville, Inc.
Statement of Financial Position
June 30, 2011

ASSETS

CURRENT ASSETS

Cash	\$	182,952
Receivables (NOTE B)		11,179
Inventory		14,463

TOTAL CURRENT ASSETS 208,594

PROPERTY AND EQUIPMENT

Fixed assets, net (NOTE C)		<u>8,783</u>
----------------------------	--	--------------

TOTAL ASSETS 217,377

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable		<u>5,636</u>
------------------	--	--------------

TOTAL CURRENT LIABILITIES 5,636

NET ASSETS (NOTE D)

Unrestricted		75,562
Temporarily restricted		136,179

TOTAL NET ASSETS 211,741

TOTAL LIABILITIES AND NET ASSETS \$ 217,377

Rebuilding Together Nashville, Inc.
Statement of Activities
For the Year Ended June 30, 2011

REVENUES AND SUPPORT

Contributions and Grants	
Corporate	\$ 595,336
Donated facilities, services and materials (NOTE E)	89,122
Non-profit organizations	5,550
Individuals	257,106
Rebuilding Together National	102,613
TOTAL REVENUES AND SUPPORT	1,049,727

EXPENSES

Program services	843,566
General and administrative	69,718
TOTAL EXPENSES	913,284

CHANGE IN NET ASSETS (NOTE D) 136,443

NET ASSETS AT BEGINNING OF YEAR 75,298

NET ASSETS AT END OF YEAR \$ 211,741

Rebuilding Together Nashville, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2011

Cash Flows From Operating Activities

Change in net assets	\$ 136,443
Adjustments to reconcile changes in net assets to cash provided by operating activities:	
Depreciation and amortization	2,654
Decrease (increase) in operating assets	
Receivables	(11,179)
Inventory	(6,471)
Increase (decrease) in operating liabilities	
Accounts payable	<u>5,636</u>
Net Cash From (Used For) Operating Activities	<u>127,083</u>
NET INCREASE (DECREASE) IN CASH	127,083
CASH AT BEGINNING OF YEAR	<u>55,869</u>
CASH AT END OF YEAR	<u><u>\$ 182,952</u></u>
Interest Expense	<u><u>\$ -</u></u>

Rebuilding Together Nashville, Inc.
Notes To The Financial Statements
For the Year Ended June 30, 2011

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Rebuilding Together Nashville, Inc. (the Organization) is a collaborative non-profit organization who helps rebuild lives by revitalizing existing homes of low-income, elderly and disabled people to live safely and comfortably. The Organization focuses on families and communities in the middle Tennessee area.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Receivables

Receivables consist primarily of expense reimbursements from donor organizations for program service costs (See Note B).

Property and Equipment

Property and equipment are depreciated using the straight-line method.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, if any. In addition, the Organization is required to present a statement of cash flows.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and / or nature of any donor restrictions. Restricted contributions whose restrictions are met in the period the contributions are received are reported as unrestricted contributions.

The financial statements are presented on the accrual basis.

Revenue

Contributions are recorded as received. Contributions consist of gifts, grants and donations.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision is made in the financial statements for such taxes.

Rebuilding Together Nashville, Inc.
Notes To The Financial Statements
For the Year Ended June 30, 2011

Cash

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Inventory

Inventory consisting of building supplies and other materials are recorded at cost.

NOTE B - RECEIVABLES

Receivables are comprised of outstanding expense reimbursements from donor organizations for program service expenses. The Organization typically receives seventy percent of a project's funding prior to beginning work on a project with the remaining thirty percent due upon completion and submission of required project expense reporting. All of the receivables shown on the balance sheet are comprised of the remaining thirty percent expense reimbursements on projects completed as of June 30 but not yet received.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

Office furniture and equipment	\$ 12,764
Less accumulated depreciation	<u>(3,981)</u>
Book value of property & equipment	<u>\$ 8,783</u>

Depreciation is recorded using the straight-line method over useful lives of three to seven years for furniture and equipment and fifteen to forty years for buildings and improvements. Depreciation expense for the year ended June 30, 2011 is \$2,654.

Rebuilding Together Nashville, Inc.
Notes To The Financial Statements
For the Year Ended June 30, 2011

NOTE D - NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30 are available for the following purposes:

Program services	\$ 114,075
General and administrative	<u>22,104</u>
Total Temporarily Restricted Net Assets	<u>\$ 136,179</u>
Increase (Decrease) in Temporarily Restricted Net Assets	\$ 136,179
Increase (Decrease) in Unrestricted Net Assets	<u>264</u>
Total Change in Net Assets	<u>\$ 136,443</u>

As of June 30, the Organization had no permanently restricted net assets

NOTE E - DONATED MATERIALS, FACILITIES AND SERVICES

The Organization receives various in-kind contributions from corporate sponsors and individuals in the form of materials, facilities use and services. The donations have been recorded in the financial statements at fair market value. It was not practical to estimate the value of the volunteer service hours contributed to the Organization throughout the year; only the professional services such as contractor and engineering services have been recorded at their fair market value. During the year ended June 30, 2011, management estimates that the Organization received donations as follows:

Donated Building Supplies and Materials	\$ 19,097
Donated Facilities Use	25,745
Donated Services	<u>44,280</u>
Total Donated Materials, Facilities and Services	<u>\$ 89,122</u>

Rebuilding Together Nashville, Inc.
Notes To The Financial Statements
For the Year Ended June 30, 2011

NOTE F - LEASES

The Organization leases office space under a forty-eight month operating lease that began on July 1, 2010. The lease is cancelable at any time given a written notice to the landlord not less than thirty days prior to such termination. The terms of the lease require payments well below the fair market value of similar facilities. The difference between the required payment and the fair market value of such space is recorded as an in-kind donation and is shown below:

	Rent Payment Required	Fair Market Value of Space
July 1, 2010-December 31, 2010	\$ 0	\$ 16,623
January 1, 2011-June 30, 2011	12,000	33,245
July 1, 2011-June 30, 2012	18,000	33,245
July 1, 2012-June 30, 2013	24,000	33,245
July 1, 2013-June 30, 2014	30,000	33,245

Future minimum lease payments required under the operating lease as of June 30, 2011 are as follows:

2012	\$ 18,000
2013	24,000
2014	30,000
2015 and thereafter	0
Total	<u>\$ 72,000</u>

Total rental expense for the year ended June 30, 2011 was \$33,245.

NOTE G- FUNCTIONAL ALLOCATION OF EXPENSES

Certain supporting costs have been allocated among the program services expenses. Management has estimated the amount of expenses that were allocated to the programs services based on the proportion of time spent by management and support positions in furthering the program services as compared to other daily duties carried out.

NOTE H - RELATED PARTY TRANSACTIONS

The Organization is heavily dependent on pass-through funding from Rebuilding Together, Inc. During the year ended June 30, 2011, the Organization received \$102,613 in pass-through funding from Rebuilding Together, Inc. At June 30, 2011, there are no amounts due to or due from Rebuilding Together, Inc.

Rebuilding Together Nashville, Inc.
Notes To The Financial Statements
For the Year Ended June 30, 2011

NOTE I - CONCENTRATION OF RISK

As mentioned in Note H, the Organization depends primarily on grants and donations from Rebuilding Together, Inc. as well as local corporations and individuals for the funding of ongoing operations. Should economic or social events transpire to bring hardship upon the Organization's primary support groups, the Organization may find it difficult to continue operations.

NOTE J - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 12, 2011, which is the financial statement issuance date.