REBULDING TOGETHER - TWIN CITIES

FINANCIAL STATEMENTS

For the Years Ended June 30, 2011 and 2010

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rebuilding Together - Twin Cities
St. Paul, Minnesota

I have audited the accompanying statements of financial position of Rebuilding Together - Twin Cities (RTTC), a nonprofit organization, as of June 30, 2011 and 2010 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of RTTC's management. My responsibility is to express an opinion on these financial statements based on the audit.

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

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of RTTC as of June 30, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Sherry D. Heffernan, Ltd.

September 16, 2011

Rebuilding Together - Twin Cities
Statements of Financial Position
June 30, 2011 and 2010

	2011	2010
ASSETS		
Cash and cash equivalents	$ 11,829	$ 80,610
Promises to give	196,771	255,626
Investments	76,738	91,737
Prepaid expenses	2,416	2,048
Equipment and leasehold improvements, net	5,688	4,925
TOTAL ASSETS	**$ 293,442**	**$ 434,946**
LIABILITIES		
Accounts payable	$ 9,121	$ 18,012
Accrued expenses	18,184	14,347
TOTAL LIABILITIES	27,305	32,359
NET ASSETS		
Unrestricted (deficit)	(35,055)	34,832
Temporarily restricted	301,192	367,755
TOTAL NET ASSETS	266,137	402,587
TOTAL LIABILITIES AND NET ASSETS	**$ 293,442**	**$ 434,946**

See accompanying notes and accountant's report.

Rebuilding Together - Twin Cities
Statements of Activities
Years Ended June 30, 2011 and 2010

	June 30, 2011			June 30, 2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
UNRESTRICTED NET ASSETS						
Unrestricted Revenues						
Donated facilities, services and materials	$ 86,939	$ -	$ 86,939	$ 63,678	$ -	$ 63,678
Contributions	102,462	188,562	291,024	98,765	355,705	454,470
Contributions from affiliate	-	50,500	50,500	-	88,000	88,000
Interest income and miscellaneous	5,789	4,908	10,697	2,369	5,493	7,862
Special event revenue	28,162	15,000	43,162	39,434	15,000	54,434
Less: Cost of direct benefits to donors	(4,984)	-	(4,984)	12,574	-	12,574
	23,178	15,000	38,178	26,860	15,000	41,860
TOTAL REVENUES	218,368	258,970	477,338	191,672	464,198	655,870
Net assets released from restrictions						
Restrictions satisfied by purpose and time	325,533	(325,533)	-	255,443	(255,443)	-
TOTAL REVENUES AND OTHER SUPPORT	543,901	(66,563)	477,338	447,115	208,755	655,870
EXPENSES						
Program services	451,588	-	451,588	361,571	-	361,571
Management and general	81,843	-	81,843	82,566	-	82,566
Fundraising	80,357	-	80,357	46,921	-	46,921
TOTAL EXPENSES	613,788	-	613,788	491,058	-	491,058
INCREASE (DECREASE) IN NET ASSETS	(69,887)	(66,563)	(136,450)	(43,943)	208,755	164,812
NET ASSETS AT BEGINNING OF YEAR	34,832	367,755	402,587	78,775	159,000	237,775
NET ASSETS (DEFICIT) AT END OF YEAR	$ (35,055)	$ 301,192	$ 266,137	$ 34,832	$ 367,755	$ 402,587

See accompanying notes and accountant's report.

Rebuilding Together Twin Cities
Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ (136,450)	$ 164,812
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,737	1,800
Loss on disposition of leasehold improvements	-	6,544
(Increase) decrease in operating assets: accrued expenses:		
Promises to give	58,855	(168,826)
Investments	10,999	(3,001)
Prepaid expenses	(368)	4,454
Increase (decrease) in operating liabilities:		
Accounts payable	(8,891)	8,728
Accrued expenses	3,837	1,692
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(70,281)	16,203
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of vehicle and leasehold improvements	(2,500)	(3,476)
Maturities of principal on revenue bond	4,000	10,000
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,500	6,524
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment on line of credit	-	(15,000)
NET CASH (USED) BY FINANCING ACTIVITIES	-	(15,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(68,781)	7,727
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	80,610	72,883
CASH AND CASH EQUIVALENTS AT END OF YEAR	11,829	80,610

See accompanying notes and accountant's report.

Rebuilding Together Twin Cities
Statement of Functional Expenses
Year Ended June 30, 2011

	Programs	Management and General	Fund Raising	Total All Services
Salaries, taxes and benefits	$ 149,202	$ 34,927	$ 55,748	$ 239,877
Contracted services	44,156	-	-	44,156
Donated services and materials	75,360	11,358	221	86,939
Construction materials and supplies	125,186	-	-	125,186
Professional fees	3,510	11,342	4,279	19,131
Advertising	7,305	4,283	3,032	14,620
Conferences and meetings	214	1,731	523	2,468
Dues	5,360	466	999	6,825
Equipment leases and rentals	3,130	733	1,169	5,032
Insurance	3,193	1,193	748	5,134
Office supplies	1,969	461	735	3,165
Occupancy expenses	19,068	4,464	7,124	30,656
Printing and postage	1,372	197	395	1,964
Small equipment purchases	-	-	-	-
Staff development and training	441	3,127	2,299	5,867
Telephone	1,640	384	613	2,637
Travel	7,301	2,125	1,487	10,913
Website development/technology	1,541	361	576	2,478
Miscellaneous	559	4,438	6	5,003
Depreciation	1,081	253	403	1,737
Total expenses	**$ 451,588**	**$ 81,843**	**$ 80,357**	**$ 613,788**
	74%	13%	13%	100%

See accompanying notes and accountant's report.

Rebuilding Together Twin Cities
Statement of Functional Expenses
Year Ended June 30, 2010

	Programs	Management and General	Fund Raising	Total All Services
Salaries, taxes and benefits	$ 101,250	$ 27,901	$ 27,366	$ 156,517
Contracted services	21,000	-	8,423	29,423
Donated services and materials	44,888	-	-	44,888
Construction materials and supplies	143,549	-	-	143,549
Professional fees	-	23,155	-	23,155
Advertising	5,374	1,453	1,481	8,308
Conferences and meetings	2,571	195	199	2,965
Dues	-	5,810	-	5,810
Equipment leases and rentals	1,895	512	522	2,929
Insurance	3,635	1,002	982	5,619
Office supplies	1,959	530	540	3,029
Occupancy expenses	17,611	4,849	4,764	27,224
Printing and postage	2,160	584	595	3,339
Small equipment purchases	912	247	251	1,410
Staff development and training	-	-	-	-
Telephone	2,239	605	617	3,461
Travel	7,989	4,015	-	12,004
Website development/technology	3,119	843	861	4,823
Miscellaneous	255	4,006		4,261
Loss on disposition of leasehold improvements	-	6,544	-	6,544
Depreciation	1,165	315	320	1,800
Total expenses	**$ 361,571**	**$ 82,566**	**$ 46,921**	**$ 491,058**
	74%	17%	10%	100%

See accompanying notes and accountant's report.

1) Summary of Significant Accounting Policies

Organizational Purpose

Rebuilding Together - Twin Cities (hereinafter referred to as RTTC) is a nonprofit organization and was incorporated in 1997. It is an organization that manages volunteers who, in partnership with the community, rehabilitate the houses of low-income homeowners, primarily older adults, individuals living with a disability and families with children, who occupy homes in need of repair and are unable to make such repairs themselves. RTTC provides the repairs at no cost to the homeowners or occupants.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, RTTC 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.

Unrestricted net assets represent the portion of expendable funds that are available for support of RTTC's operations. Temporarily restricted net assets represent funds restricted by donors for various programs or periods.

Cash and Cash Equivalents

RTTC considers all checking and savings accounts and unrestricted highly liquid investments purchased with an original maturity of three months or less to be cash and cash equivalents.

Concentrations of Credit Risk Due to Temporary Cash Investments and Promises to Give Receivable

Financial instruments that potentially subject RTTC to concentrations of credit risk consist principally of temporary cash investments and unconditional promises to give. RTTC places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to promises receivable are limited due to the financial stability of the contributors. Promises to give include amounts from three donors comprising 41% of the balance at June 30, 2011 and from two donors comprising 46% of the balance at June 30, 2010.

Concentration of Contributions

RTTC received approximately 31% of its unrestricted and temporarily restricted contributions from two donors in 2010. There were no concentrations in 2011.

1) Summary of Significant Accounting Policies, continued

Promises to Give
Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received.

Investments
Investments are comprised of a money market account and an economic development revenue bond issued by the city of Minneapolis. These investments are recorded in the financial statements at fair value.

Fair Value Measurements
RTTC has determined the fair value of certain assets and liabilities in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) Statement No. 157, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles.

SFAS 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. SFAS 157 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Equipment and Leasehold Improvements
All acquisitions of equipment and leasehold improvements in excess of $1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Equipment and leasehold improvements are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives varying from four to seven years.

1) Summary of Significant Accounting Policies, continued

Donated Assets
Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Facilities, Services and Materials
Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization. Donated facilities and materials are recognized as revenue and expense in the accompanying statement of activities at their estimated fair value as provided by the donor at the date or receipt.

Restricted and Unrestricted Revenue
All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The organization records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Pass-Through Contributions from Affiliate
RTTC's affiliate, Rebuilding Together, Inc., receives certain contributions on behalf of its local chapters that are designated for specified local chapters by donors. RTTC received pass-through contributions from its affiliate of $50,500 in 2011 and $89,000 in 2010.

Estimates
Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Functional Expense Allocation
The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

1) Summary of Significant Accounting Policies, continued

Income Taxes
RTTC has a tax exempt status under Code Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. It is classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and charitable contributions by donors are tax deductible.

2) Promises to Give
Unconditional promises to give are as follows at June 30, 2011 and 2010:

	2011	2010
Receivable in less than one year	$ 116,805	$ 156,271
Receivable in one to three years	81,750	105,000
Total unconditional promises to give	198,555	261,271
Less discounts to present value	- 1,784	- 5,645
Net unconditional promises to give	$ 196,771	$ 255,626

Unconditional promises to give receivable of more than one year are discounted at 3.0%. Uncollectible promises are expected to be insignificant.

3) Investments
Investments consisted of the following at June 30, 2011 and 2010:

	2011	2010
Economic development revenue bond	$ 71,000	$ 76,000
Money market accounts	5,738	15,737
	$ 76,738	$ 91,737

The value of these investments is based approximately on Level 1 quoted prices in active markets.

The economic development revenue bond was issued by the city of Minneapolis, Minnesota on December 4, 1997, and donated to the organization in 2004. Interest income is receivable from the bond on June 1 and December 1 of each year at an interest rate of 6.5%. The bond matures December 1, 2017 however there was an early maturity of $4,000 in 2011 and $10,000 in 2010.

The bond and income earned from the bond have been restricted to be used only on rehabilitation projects.

4) Equipment and Leasehold Improvements

Equipment consists of the following at June 30, 2010 and 2009:

	2011	2010
Equipment and furnishings	$ 4,449	$ 4,449
Vehicle	2,500	-
Leasehold improvements	3,476	3,476
	10,425	7,925
Less accumulated depreciation	4,737	3,000
	$ 5,688	$ 4,925

Depreciation of $1,738 and $1,800 was recorded in 2011 and 2010, respectively.

5) Line of Credit

RTTC has a $75,000 revolving line of credit, of which $75,000 was unused at June 30, 2011. Bank advances on the credit line are payable on demand and the interest rate in 2011 was 3.25%. The credit line is secured by the economic development revenue bond (footnote 3) and the authorized line decreases as payments are received on the bond. The line of credit expires February 4, 2012.

6) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2011 and 2010:

	2011	2010
Economic development revenue bond	$ 75,000	$ 76,000
Restricted for project overages and for future year projects	167,775	228,100
Capital pledges	60,200	69,300
Less discount to present value	- 1,783	-5,645
	$ 301,192	$ 367,755

7) Donated Services and Materials

The value of donated services and materials included as contributions in the financial statements and the corresponding expenses for the years ended June 30, 2011 and 2010 are as follows:

	2011	2010
Legal and other professional services	$ 22,638	$ 9,000
Contractor services	17,685	20,723
Materials	46,616	32,881
Leasehold improvements	-	1,074
	$ 86,939	$ 100,903

7) Donated Services and Materials, continued

In addition, numerous individuals volunteer their time and perform a variety of program and fundraising services. Although no amounts have been reflected in the financial statements, management estimates the number of hours and the fair value of those services to be approximately as follows:

	2011		2010	
	Hours	Value	Hours	Value
Skilled volunteers	808	$ 48,480	1,015	$ 60,900
Unskilled volunteers	5,766	120,509	6,833	142,450
Total	6,574	$168,989	7,848	$203,350

The value of labor per hour is based on research provided by the Independent Sector, www.independentsector.org.

8) Leases

The organization leases its office and warehouse space under a noncancelable operating lease which expires June 30, 2012, with a one year option to renew. Monthly rent expense was $2,475 in 2011. Total rent expense was $29,700 in 2011 and $25,981 in 2010.

9) Income Taxes

The organization has evaluated its potential exposure for uncertain tax positions and management has expressed there are no uncertain tax positions as of June 30, 2011. Tax returns for the past three tax years remain open for examination by tax jurisdictions.

10) Subsequent Events

The organization has evaluated subsequent events through September 16, 2011, the date the financial statements were available to be issued. RTTC is not aware of any subsequent events that require recognition or disclosure in the financial statements.

11) State Grant Restrictions

Financial awards from state entities in the form of grants are subject to special audit. Such audits could result in claims against the organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any cannot be determined at this date.