REBULDING TOGETHER - TWIN CITIES

FINANCIAL STATEMENTS

For the Years Ended June 30, 2013 and 2012

REBULDING TOGETHER - TWIN CITIES

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Rebuilding Together - Twin Cities, a nonprofit organization, which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activity, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. (Continued)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rebuilding Together - Twin Cities as of June 30, 2013 and 2012, 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.

Sherry D. Heffernan, Ltd.

Sherry D. Heffernan, Ltd.

December 6, 2013

Rebuilding Together - Twin Cities
Statements of Financial Position
June 30, 2013 and 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 59,996	$ 37,997
Promises to give	73,429	226,475
Investments	64,882	70,884
Prepaid expenses	14,601	7,355
Property held for sale	200,645	110,176
Equipment and leasehold improvements, net	1,496	3,908
TOTAL ASSETS	**$ 415,049**	**$ 456,795**
LIABILITIES		
Accounts payable	$ 47,640	$ 25,326
Accrued expenses	21,162	20,315
TOTAL LIABILITIES	68,802	45,641
NET ASSETS		
Unrestricted	58,354	38,075
Temporarily restricted	287,893	373,079
TOTAL NET ASSETS	346,247	411,154
TOTAL LIABILITIES AND NET ASSETS	**$ 415,049**	**$ 456,795**

See accompanying notes and accountant's report.

Rebuilding Together - Twin Cities
Statements of Activities
Years Ended June 30, 2013 and 2012

	June 30, 2013			June 30, 2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
UNRESTRICTED NET ASSETS						
Unrestricted Revenues						
Donated services and materials	$ 85,940	$ -	$ 85,940	$ 108,916	$ -	$ 108,916
Donated property held for sale	-	169,631	169,631	-	99,900	99,900
Contributions	131,030	140,750	271,780	108,172	172,284	280,456
Contributions from affiliate	-	97,260	97,260	-	190,822	190,822
Lease buy-out	50,000	-	50,000	-	-	-
Interest income and miscellaneous	3,380	3,770	7,150	5,840	4,582	10,422
Special event revenue	41,394	-	41,394	35,409	15,000	50,409
Less: Cost of direct benefits to donors	(10,862)	-	(10,862)	(12,976)	-	(12,976)
	30,532	-	30,532	22,433	15,000	37,433
TOTAL REVENUES	300,882	411,411	712,293	245,361	482,588	727,949
Net assets released from restrictions						
Restrictions satisfied by purpose and time	496,597	(496,597)	-	410,701	(410,701)	-
TOTAL REVENUES AND OTHER SUPPORT	797,479	(85,186)	712,293	656,062	71,887	727,949
EXPENSES						
Program services	610,258	-	610,258	453,358	-	453,358
Management and general	105,464	-	105,464	94,507	-	94,507
Fundraising	61,478	-	61,478	35,067	-	35,067
TOTAL EXPENSES	777,200	-	777,200	582,932	-	582,932
INCREASE (DECREASE) IN NET ASSETS	20,279	(85,186)	(64,907)	73,130	71,887	145,017
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	38,075	373,079	411,154	(35,055)	301,192	266,137
NET ASSETS AT END OF YEAR	$ 58,354	$ 287,893	$ 346,247	$ 38,075	$ 373,079	$ 411,154

See accompanying notes and accountant's report.

Rebuilding Together Twin Cities
Statements of Cash Flows
Years Ended June 30, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ (64,907)	$ 145,017
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,577	1,780
Loss on disposition of leasehold improvements	2,152	-
Loss on sale of donated property held for sale	319	-
(Increase) decrease in:		
Promises to give	153,046	(29,704)
Investments	2	(2,146)
Prepaid expenses	(7,246)	(4,939)
Property held for sale	(39,579)	(10,276)
Increase (decrease):		
Accounts payable	22,314	16,205
Accrued expenses	847	2,131
Donated property held for sale	(169,631)	(99,900)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(101,106)	18,168
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of donated property held for sale	118,422	-
Purchase of equipment	(1,317)	-
Maturities of principal on revenue bond	6,000	8,000
NET CASH PROVIDED BY INVESTING ACTIVITIES	123,105	8,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,999	26,168
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	37,997	11,829
CASH AND CASH EQUIVALENTS AT END OF YEAR	59,996	37,997

See accompanying notes and accountant's report.

Rebuilding Together Twin Cities
Statement of Functional Expenses
Year Ended June 30, 2013

	Programs	Management and General	Fund Raising	Total All Services
Salaries, taxes and benefits	$ 200,021	$ 34,071	$ 34,473	$ 268,565
Contracted services	36,210	1,325	10,456	47,991
Donated services and materials	60,651	-	-	60,651
Construction contractors	61,817	-	-	61,817
Construction materials and supplies	143,118	-	-	143,118
Professional fees	7,500	31,474	7,000	45,974
Advertising and marketing	16,089	-	-	16,089
Conferences and meetings	2,578	2,962	391	5,931
Dues	9,545	-	-	9,545
Equipment leases and rentals	7,368	1,238	1,258	9,864
Insurance	10,906	1,306	538	12,750
Office supplies	2,496	419	426	3,341
Occupancy expenses	25,906	4,351	4,425	34,682
Printing and postage	1,918	322	328	2,568
Staff development and training	7,456	-	-	7,456
Telephone	2,218	373	379	2,970
Travel	8,576	3,076	599	12,251
Website development/technology	3,795	637	648	5,080
Office move	-	16,922	-	16,922
Miscellaneous	912	6,790	356	8,058
Depreciation	1,178	198	201	1,577
Total expenses	**$ 610,258**	**$ 105,464**	**$ 61,478**	**$ 777,200**
	79%	14%	8%	100%

See accompanying notes and accountant's report.

Rebuilding Together Twin Cities
Statement of Functional Expenses
Year Ended June 30, 2012

	Programs	Management and General	Fund Raising	Total All Services
Salaries, taxes and benefits	$ 137,428	$ 49,750	$ 6,617	$ 193,795
Contracted services	33,827	2,699	4,993	41,519
Donated services and materials	92,483	6,693	1,928	101,104
Construction contractors	35,328	-	-	35,328
Construction materials and supplies	88,259	274	-	88,533
Professional fees	-	14,318	13,327	27,645
Advertising	6,174	35	75	6,284
Conferences and meetings	1,835	490	353	2,678
Dues	7,145	555	1,188	8,888
Equipment leases and rentals	3,245	1,141	152	4,538
Insurance	4,422	207	1,555	6,184
Office supplies	2,271	799	106	3,176
Occupancy expenses	22,569	7,938	1,056	31,563
Printing and postage	1,911	37	2,598	4,546
Staff development and training	600	2,930	-	3,530
Telephone	1,872	658	88	2,618
Travel	9,664	2,244	717	12,625
Website development/technology	1,645	579	77	2,301
Miscellaneous	1,407	2,712	178	4,297
Depreciation	1,273	448	59	1,780
Total expenses	**$ 453,358**	**$ 94,507**	**$ 35,067**	**$ 582,932**
	78%	16%	6%	100%

See accompanying notes and accountant's report.

1) Summary of Significant Accounting Policies

Organizational Purpose

Incorporated in 1997, Rebuilding Together - Twin Cities (hereinafter referred to as RTTC) is a nonprofit housing organization whose mission is to bring volunteers and communities together to improve the homes and lives of low-income homeowners. RTTC provides critical home repairs for homeowners in need who are older adults, individuals living with disabilities, families with children and veterans to fulfill their vision of a safe and healthy home for every person. When qualified homeowners are not capable of making needed repairs, RTTC will coordinate the volunteers, skilled labor, tools and supplies necessary to fix the homes through two programs which are as follows:

Home Repair provides critical home repairs including re-roofing, installing handicap ramps, weatherizing, plumbing, electrical repairs, cleaning, re-carpeting, patching and painting, siding, landscaping and almost anything that restores the homeowners' independence, safety and security. Following a screen for homeowner eligibility, the selected projects are scheduled, financial and volunteer resources are assigned, and projects completed in a few work days. In addition to regularly scheduled projects throughout the year, the last Saturday of April each year is National Rebuilding Day when Rebuilding Together affiliates across the country make repairs for thousands of homeowners on one day.

Safe at Home provides no cost home safety and accessibility modifications for low-income homeowners who are older adults or are living with a disability. Often these homeowners are faced with the prospect of losing their independence as the result of needing home safety or accessibility modifications that they are unable to address. Projects are small in scale and are completed by two to four volunteers in about four hours. A project may include tasks such as installing grab bars, raised toilet seat adapters, handrails, door and window locks, smoke and carbon monoxide detectors and more.

Ramp Accessibility utilizes teams of volunteers to design, build and install wheelchair ramps for homeowners in need who are living with a disability.

RTTC also rehabilitates properties that house nonprofit organizations serving our community. These projects focus on creating safe and welcoming spaces for communities to gather and may include tasks such as painting, creating or revamping learning spaces, landscaping and gardening, installing playground equipment, and making general repairs to the facility.

1) Summary of Significant Accounting Policies, continued

Basis of Accounting and Presentation
The financial statements of RTTC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivable, payables and other liabilities. 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 48% of the balance at June 30, 2013 and from three donors comprising 65% of the balance at June 30, 2012.

Concentration of Contributions
RTTC received approximately 44% of its unrestricted and temporarily restricted contributions from two donors in 2013 and approximately 53% of its unrestricted and temporarily restricted contributions from three donors in 2012.

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.

1) Summary of Significant Accounting Policies, continued

Fair Value Measurements

RTTC determined the fair value of certain assets and liabilities in accordance with the provisions of Accounting Standards Codification (ASC) "Fair Value Measurements and Disclosures," which provides a framework for measuring fair value under generally accepted accounting principles.

The ASC defines fair value as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The ASC requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs and 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.

Property Held for Sale

Property held for sale consists of single-family dwellings that were donated by a bank and are recorded at fair value. The properties will be repaired and sold specifically to a low to moderate-income family for owner-occupancy.

Donated Assets

Donated marketable securities, property held for resale and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

1) Summary of Significant Accounting Policies, continued

Donated Services and Materials

Donated services are recognized as contributions 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 $97,260 in 2013 and $190,822 in 2012.

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.

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.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

2) Promises to Give

Unconditional promises to give are as follows at June 30, 2013 and 2012:

	2013	2012
Receivable in less than one year	$ 73 ,429	$ 214,339
Receivable in one to three years	-	12,500
Total unconditional promises to give	73,429	226,839
Less discounts to present value	-	-364
Net unconditional promises to give	$ 73,429	$ 226,475

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, 2013 and 2012:

	2013	2012
Economic development revenue bond	$ 57,000	$ 63,000
Money market accounts	7,882	7,884
	$ 64,882	$ 70,884

The values of these investments are approximately based 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 payout of $6,000 in 2013 and $8,000 in 2012.

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

4) Property Held for Resale

In 2013 and 2012 RTTC received donations of single-family homes from a local bank, with the stipulation that the property be repaired and sold specifically to a low-to moderate-income family for owner-occupancy. In 2013 RTTC received two buildings with estimated values at $169,631 and in 2012 received one building with an estimated value of $99,900. RTTC also spent $39,579 in 2013 and $10,276 in 2012 to repair the properties and those amounts were added to the value of the property. The properties have been recorded at their estimated net realizable value.

In 2013 one of the properties was sold for $118,433 with a net loss of $391 recognized on the sale.

5) Equipment and Leasehold Improvements
Equipment consists of the following at June 30, 2013 and 2012:

	2013	2012
Equipment and furnishings	$ 2,743	$ 1,426
Vehicle	2,500	2,500
Leasehold improvements	-	3,476
	5,243	7,402
Less accumulated depreciation	3,747	3,494
	$ 1,496	$ 3,908

Depreciation of $1,577 and $1,780 was recorded in 2013 and 2012, respectively.

6) Line of Credit
RTTC has a $57,000 revolving line of credit, of which $57,000 was unused at June 30, 2013. Bank advances on the credit line are payable on demand and the interest rate in 2013 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 2014.

7) Temporarily Restricted Net Assets
Temporarily restricted net assets are available for the following purposes at June 30, 2013 and 2012:

	2013	2012
Economic development revenue bond	$ 57,000	$ 63,000
Restricted for project overages and for future year projects	39,749	161,559
Donated building held for sale	169,631	99,900
Capital pledges	21,513	49,563
Less discount to present value	-	- 983
	$ 287,893	$ 373,079

8) 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, 2013 and 2012 are as follows:

	2013	2012
Legal and other professional services	$ 21,081	$ 10,490
Contractor services	38,089	33,599
Materials	26,770	64,827
	$ 85,940	$ 108,916

8) 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:

	2013		2012	
	Hours	Value	Hours	Value
Skilled volunteers	114	$ 6,840	179	$ 10,755
Unskilled volunteers	11,040	241,886	6,669	148,602
Total	11,154	$248,726	6,848	$159,357

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

9) Leases

In 2012 RTTC was notified that the building they leased would be demolished. In connection with this event, the landlord and developer gave $50,000 to the organization to aid with relocation costs.

The organization currently leases its office and warehouse space under a noncancelable operating lease which expires November 30, 2016. Monthly rent expense was $1,700 through March 31, 2013 and then was $3,400 per month. Total rent expense was $33,275 in 2013 and $30,864 in 2012.

Under the terms of this lease, RTTC is also responsible for the maintenance, repair and replacement of heating and air conditioning fixtures and all other fixtures and leasehold improvements.

Future minimum lease payments under this lease are as follows:

Year Ended June 30,	
2014	$ 40,800
2015	42,900
2016	44,400
2017	18,500
	$ 146,600

10) 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, 2013. Tax returns for the past three tax years remain open for examination by tax jurisdictions.

11) Subsequent Events

The organization has evaluated subsequent events through December 6, 2013, 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.

12) 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.