



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B33966

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

May 8, 2008

Board of Directors  
Rebuilding Together \* St. Joseph County, Inc.  
227 W. Jefferson Blvd., Suite 1200S  
South Bend, IN 46601

We have reviewed the audit report prepared by Christine A. Lauber, CPA, Independent Public Accountant, for the period October 1, 2005 to September 30, 2006. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountant's opinion, the financial statements included in the report present fairly the financial condition of the Rebuilding Together \* St. Joseph County, Inc., as of September 30, 2006, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountant's report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

RECEIVED

AUG 03 2007

STATE BOARD OF ACCOUNTS



## FINANCIAL STATEMENTS

September 30, 2006 and 2005

# REBUILDING TOGETHER \* ST. JOSEPH COUNTY, INC.

## TABLE OF CONTENTS

	<u>Page</u>
<b>Independent Auditor's Report</b>	1
<b>Financial Statements</b>	
Statements of financial position	2
Statements of activities and changes in net assets	3
Statements of cash flows	4
Statements of functional expenses	5
<b>Notes to financial statements</b>	6-9



CHRISTINE A. LAUBER

Certified Public Accountant & Consultant

### Independent Auditor's Report

To the Board of Directors  
Rebuilding Together \* St. Joseph County, Inc.  
South Bend, Indiana

I have audited the accompanying statements of financial position of Rebuilding Together \* St. Joseph County, Inc. as of September 30, 2006 and 2005 and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my 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 misstatements. 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 my 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 Rebuilding Together \* St. Joseph County, Inc. as of September 30, 2006 and 2005, and changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

December 1, 2006

**REBUILDING TOGETHER \* ST. JOSEPH COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
September 30, 2006 and 2005

	<b>2006</b>	<b>2005</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 81,793	\$ 74,238
Accounts receivable	5,380	-
Prepaid expenses	2,905	3,174
<b>TOTAL CURRENT ASSETS</b>	<b>90,078</b>	<b>77,412</b>
<b>Endowment assets</b>		
Beneficial interest in assets held by Community Foundation	44,290	32,793
<b>Other assets</b>		
Security deposit	601	601
	<b>\$ 134,969</b>	<b>\$ 110,806</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Net assets</b>		
Unrestricted net assets	\$ 90,679	\$ 78,013
Permanently restricted net assets	44,290	32,793
	134,969	110,806
	<b>\$ 134,969</b>	<b>\$ 110,806</b>

**REBUILDING TOGETHER \* ST. JOSEPH COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the years ended September 30, 2006 and 2005

	<b>2006</b>	<b>2005</b>
<b>UNRESTRICTED NET ASSETS</b>		
<b>Revenues, gains and other support</b>		
Grants	\$ 142,774	\$ 150,000
Contributions	45,943	35,930
Contributed services	173,543	173,061
Merchandise sales, net	(316)	(616)
Interest income	1,541	1,165
	<b>363,485</b>	<b>359,540</b>
<b>Expenses</b>		
Home repairs	310,494	312,872
Management and general	19,351	18,271
Fund raising	7,464	8,548
Unallocated payments to affiliated organization, Rebuilding Together	3,510	3,550
Transfer to permanently restricted net assets	10,000	-
	<b>350,819</b>	<b>343,241</b>
<b>Change in unrestricted net assets</b>	<b>12,666</b>	<b>16,299</b>
<b>UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR</b>	<b>78,013</b>	<b>61,714</b>
<b>UNRESTRICTED NET ASSETS AT END OF YEAR</b>	<b>90,679</b>	<b>78,013</b>
<b>PERMANENTLY RESTRICTED NET ASSETS</b>		
Income on beneficial interest	1,497	4,610
Transfer from unrestricted net assets	10,000	-
	<b>11,497</b>	<b>4,610</b>
<b>Change in permanently restricted net assets</b>	<b>11,497</b>	<b>4,610</b>
<b>PERMANENTLY RESTRICTED NET ASSETS AT BEGINNING OF YEAR</b>	<b>32,793</b>	<b>28,183</b>
<b>PERMANENTLY RESTRICTED NET ASSETS AT END OF YEAR</b>	<b>44,290</b>	<b>32,793</b>
<b>Change in total net assets</b>	<b>24,163</b>	<b>20,909</b>
<b>TOTAL NET ASSETS AT BEGINNING OF YEAR</b>	<b>110,806</b>	<b>89,897</b>
<b>TOTAL NET ASSETS AT END OF YEAR</b>	<b>\$ 134,969</b>	<b>\$ 110,806</b>

REBUILDING TOGETHER \* ST. JOSEPH COUNTY, INC.

STATEMENTS OF CASH FLOWS

For the years ended September 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 24,163	\$ 20,909
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in accounts receivable	(5,380)	-
(Increase) decrease in prepaid expenses	269	(1,151)
(Increase) decrease in accounts payable	-	(600)
Total adjustments	<u>(5,111)</u>	<u>(1,751)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>19,052</u>	<u>19,158</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in beneficial interest in assets held by Community Foundation	<u>(11,497)</u>	<u>(4,610)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(11,497)</u>	<u>(4,610)</u>
NET INCREASE IN CASH AND EQUIVALENTS	7,555	14,548
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>74,238</u>	<u>59,690</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 81,793</u>	<u>\$ 74,238</u>

**REBUILDING TOGETHER \* ST. JOSEPH COUNTY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
 For the years ended September 30, 2006 and 2005

	2006				2005			
	Home Repairs	Management and General	Fund Raising	Totals	Home Repairs	Management and General	Fund Raising	Totals
Construction services and materials	\$ 256,566	\$ -	\$ -	\$ 256,566	\$ 269,866	\$ -	\$ -	\$ 269,866
Equipment rental	2,967	-	-	2,967	3,194	-	-	3,194
Staff services	33,799	15,081	-	48,880	25,971	14,714	-	40,685
Building rental	7,800	-	-	7,800	6,600	-	-	6,600
Insurance	5,206	-	-	5,206	3,308	-	-	3,308
Meetings and refreshments	4,156	-	-	4,156	3,933	-	-	3,933
Advertising and promotional	-	-	7,464	7,464	-	-	8,548	8,548
Office expenses	-	1,285	-	1,285	-	572	-	572
Professional fees	-	2,985	-	2,985	-	2,985	-	2,985
	<u>\$ 310,494</u>	<u>\$ 19,351</u>	<u>\$ 7,464</u>	<u>\$ 337,309</u>	<u>\$ 312,872</u>	<u>\$ 18,271</u>	<u>\$ 8,548</u>	<u>\$ 339,691</u>

REBUILDING TOGETHER \* ST. JOSEPH COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**Note 1 Nature of activities and significant accounting policies**

**Nature of activities**

Rebuilding Together \* St. Joseph County, Inc. is a not-for-profit corporation organized under the laws of the State of Indiana. The purpose of the Organization is to rehabilitate houses of low-income homeowners, particularly the elderly and disabled, so that they may continue to live in warmth, safety, and independence. Its operations are supported principally by grants from local governmental agencies and contributions from the public.

**Significant accounting policies**

**Basis of accounting**

The financial statements of Rebuilding Together \* St. Joseph County, Inc. have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities. The preparation of financial statements in conformity with generally accepted accounting principles also requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure notes at the dates of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

**Basis of presentation**

Financial statement presentations follow the recommendations of the Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the corporation 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.

**Cash equivalents**

The Organization considers all time deposits, certificates of deposit, and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

REBUILDING TOGETHER \* ST. JOSEPH COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

Note 1 Continued

**Accounts Receivable**

Accounts receivable are presented at face value, net of the allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income and is maintained at a level believed adequate by management to absorb estimated bad debts based on current economic conditions. Management considers all accounts to be collected and therefore, has not established a provision for uncollectible accounts.

**Contributed property and services**

Contributed property is recorded at the estimated fair market value at the date of receipt as determined by the donor. Contributed services are recognized if the services create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Such services are recorded at their estimated fair market value.

Contributed construction services, which meet the above criteria for recognition, are recorded using a labor rate derived by Rebuilding Together National. A substantial number of unskilled volunteers donate a significant amount of time to the Organization that has not been recorded in these statements.

	2006	2005
Contributed construction labor	\$126,000	\$144,000
Contributed staff support	33,799	25,971
Contributed services	13,743	3,090
Contributed construction materials	<u>10,500</u>	<u>7,500</u>
	<u>\$184,042</u>	<u>\$180,561</u>

**Functional allocation of expenses**

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

REBUILDING TOGETHER \* ST. JOSEPH COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

Note 1 Continued

**Income tax exemption**

Rebuilding Together \* St. Joseph County, Inc. is exempt from federal income taxes pursuant to Section 501 (c)(3) of the Internal Revenue Code. The corporation is also exempt from Indiana income taxes under a similar section of the state's gross income tax laws.

**Restricted and unrestricted revenue and support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Note 2 Operating lease

The Organization leases a warehouse under a month-to-month lease agreement for \$600 per month. Rent expense was as follows:

	2006	2005
Rent expense	<u>\$7,800</u>	<u>\$6,600</u>

Note 3 Concentrations of risk

The Organization maintains bank accounts at two financial institutions. The Federal Deposit Insurance Corporation (FDIC) for a maximum of \$100,000 insures these accounts. Though the Organization has not experienced any losses on the accounts, the balances may, at times, exceed the insurance limits or be invested in other funds that are not covered by such insurance.

The Organization receives the majority of its funding from the City of South Bend. Approximately 41% and 43% of the Organization's total revenues were in the form of grants from the City of South Bend, for the years ending September 30, 2006 and 2005 respectively.

REBUILDING TOGETHER \* ST. JOSEPH COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

Note 4 Community Foundation

The Organization transferred \$25,000 during 2001 and \$10,000 during 2006 to the Community Foundation of St. Joseph County, Inc. in order to establish, in the Foundation, a fund to which the Organization and others can gift assets to provide support to the Organization. Transfers to the fund are designated "non-reciprocal transfers." The Organization is entitled to receive the income, but not the principal, from the amounts transferred. Variance power has been granted to the Foundation to modify any restrictions or conditions on the distribution of funds if, in its sole judgment, such restrictions become, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable need of the area served by the Community Foundation.

The Fund currently provides for an approximate annual spending rate of 5% per year of the market value of the Fund. The Organization has recorded in the statements of financial position an asset of \$44,290 and \$32,793 shown as beneficial interest in assets held by Community Foundation for the fair market value of the Fund as of September 30, 2006 and 2005 respectively, consistent with the application of Statement of Financial Accounting Standards No. 136 issued by the Financial Accounting Standards Board.

Note 5 Investments

The Organization's investments are currently held at a local bank and managed by a professional financial manager.

Investments, at fair value, are as follows:	2006	2005
Money Market	<u>\$66,570</u>	<u>\$51,120</u>