



STATE OF INDIANA
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June 29, 2009

Board of Directors
Rebuilding Together * St. Joseph County
227 W. Jefferson Blvd., Ste. 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, 2007 to September 30, 2008. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Rebuilding Together * St. Joseph County, as of September 30, 2008, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS



FINANCIAL STATEMENTS

September 30, 2008 and 2007

REBUILDING TOGETHER * ST. JOSEPH COUNTY, INC.

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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, 2008 and 2007 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, 2008 and 2007, 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 15, 2008

REBUILDING TOGETHER * ST. JOSEPH COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2008 and 2007

| | 2008 | 2007 |
|---|-------------------|-------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 157,695 | \$ 74,389 |
| Grant receivable | - | 45,000 |
| Prepaid expenses | 2,573 | 3,110 |
| TOTAL CURRENT ASSETS | 160,268 | 122,499 |
| Endowment assets | | |
| Beneficial interest in assets held by Community Foundation | 54,571 | 62,078 |
| Other assets | | |
| Security deposit | 601 | 601 |
| | \$ 215,440 | \$ 185,178 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable | \$ 17 | \$ - |
| Deferred revenue | 17,000 | - |
| TOTAL CURRENT LIABILITIES | 17,017 | - |
| Net assets | | |
| Unrestricted net assets | \$ 143,852 | \$ 123,100 |
| Permanently restricted net assets | 54,571 | 62,078 |
| | 198,423 | 185,178 |
| | \$ 215,440 | \$ 185,178 |

REBUILDING TOGETHER * ST. JOSEPH COUNTY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the years ended September 30, 2008 and 2007

| | <u>2008</u> | <u>2007</u> |
|--|-------------------|-------------------|
| UNRESTRICTED NET ASSETS | | |
| Revenues, gains and other support | | |
| Grants | \$ 150,000 | \$ 140,731 |
| Contributions | 30,137 | 40,747 |
| Contributed services | 165,703 | 164,218 |
| Merchandise sales, net | (181) | (325) |
| Interest income | 1,528 | 1,665 |
| Total revenues, gains and other support | <u>347,187</u> | <u>347,036</u> |
| Expenses | | |
| Home repairs | 302,619 | 281,400 |
| Management and general | 19,291 | 18,535 |
| Fund raising | 1,828 | 1,170 |
| Unallocated payments to affiliated organization, Rebuilding Together | 2,697 | 3,510 |
| Transfer to permanently restricted netr assets | - | 10,000 |
| Total expenses | <u>326,435</u> | <u>314,615</u> |
| Change in unrestricted net assets | 20,752 | 32,421 |
| UNRESTRICTED NET ASSETS AT BEGINNING OF YEAR | <u>123,100</u> | <u>90,679</u> |
| UNRESTRICTED NET ASSETS AT END OF YEAR | <u>143,852</u> | <u>123,100</u> |
| PERMANENTLY RESTRICTED NET ASSETS | | |
| Income on beneficial interest | (7,507) | 7,788 |
| Transfer from unrestricted net assets | - | 10,000 |
| Change in permanently restricted net assets | (7,507) | 17,788 |
| PERMANENTLY RESTRICTED NET ASSETS AT BEGINNING OF YEAR | <u>62,078</u> | <u>44,290</u> |
| PERMANENTLY RESTRICTED NET ASSETS AT END OF YEAR | <u>54,571</u> | <u>62,078</u> |
| Change in total net assets | 13,245 | 50,209 |
| TOTAL NET ASSETS AT BEGINNING OF YEAR | <u>185,178</u> | <u>134,969</u> |
| TOTAL NET ASSETS AT END OF YEAR | <u>\$ 198,423</u> | <u>\$ 185,178</u> |

REBUILDING TOGETHER * ST. JOSEPH COUNTY, INC.
STATEMENTS OF CASH FLOWS
For the years ended September 30, 2008 and 2007

| | 2008 | 2007 |
|--|-------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 13,245 | \$ 50,209 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| (Increase) decrease in accounts receivable | 45,000 | (39,620) |
| (Increase) decrease in prepaid expenses | 537 | (205) |
| Increase (decrease) in accounts payable | 17 | - |
| Increase (decrease) in deferred revenue | 17,000 | - |
| Total adjustments | 62,554 | (39,825) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 75,799 | 10,384 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| (Increase) decrease in beneficial interest in assets held by Community Foundation | 7,507 | (17,788) |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | 7,507 | (17,788) |
| NET INCREASE IN CASH AND EQUIVALENTS | 83,306 | (7,404) |
| CASH AND EQUIVALENTS, BEGINNING OF YEAR | 74,389 | 81,793 |
| CASH AND EQUIVALENTS, END OF YEAR | \$ 157,695 | \$ 74,389 |

REBUILDING TOGETHER * ST. JOSEPH COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
 For the years ended September 30, 2008 and 2007

| | 2008 | | | | 2007 | | | |
|-------------------------------------|-------------------|------------------------|-----------------|-------------------|-------------------|------------------------|-----------------|-------------------|
| | Home Repairs | Management and General | Fund Raising | Totals | Home Repairs | Management and General | Fund Raising | Totals |
| Construction services and materials | \$ 235,849 | - | \$ - | \$ 235,849 | \$ 220,339 | \$ - | - | \$ 220,339 |
| Equipment rental | 3,237 | - | - | 3,237 | 2,308 | - | - | 2,308 |
| Staff services | 48,703 | 15,384 | - | 64,087 | 43,438 | 15,155 | - | 58,593 |
| Building rental | 7,200 | - | - | 7,200 | 7,200 | - | - | 7,200 |
| Insurance | 4,086 | - | - | 4,086 | 5,027 | - | - | 5,027 |
| Meetings and refreshments | 3,544 | - | - | 3,544 | 3,088 | - | - | 3,088 |
| Advertising and promotional | - | - | 1,828 | 1,828 | - | - | 1,170 | 1,170 |
| Office expenses | - | 607 | - | 607 | - | 395 | - | 395 |
| Professional fees | - | 3,300 | - | 3,300 | - | 2,985 | - | 2,985 |
| | <u>\$ 302,619</u> | <u>\$ 19,291</u> | <u>\$ 1,828</u> | <u>\$ 323,738</u> | <u>\$ 281,400</u> | <u>\$ 18,535</u> | <u>\$ 1,170</u> | <u>\$ 301,105</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.

| | 2008 | 2007 |
|------------------------------------|------------------|------------------|
| Contributed construction labor | \$117,000 | \$117,000 |
| Contributed staff support | 48,703 | 43,438 |
| Contributed services | - | 3,780 |
| Contributed construction materials | <u>600</u> | <u>2,129</u> |
| | <u>\$166,303</u> | <u>\$166,347</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:

| | 2008 | 2007 |
|--------------|----------------|----------------|
| Rent expense | <u>\$7,200</u> | <u>\$7,200</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 53% and 41% of the Organization's total revenues were in the form of grants from the City of South Bend, for the years ending September 30, 2008 and 2007 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 both 2006 and 2007 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 \$54,572 and \$62,079 shown as beneficial interest in assets held by Community Foundation for the fair market value of the Fund as of September 30, 2008 and 2007 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: | 2008 | 2007 |
| Money Market | <u>\$94,551</u> | <u>\$28,121</u> |

Note 6 Prior period adjustments

During the audit of the 2007 financial statements, it was discovered that a grant receivable was not booked in the prior year. The grant agreement was signed in August of 2007 and all funds were earned in that period. The net effect of correcting the receivable balance was an increase in unrestricted net assets of \$45,000 as of September 30, 2007.