REBUILDING TOGETHER METRO DENVER, INC.

Financial Statements
(Audited)

For the Years Ended
December 31, 2013 and 2012
(Summarized)

INDEX TO FINANCIAL STATEMENTS

Ryan, Gunsauls & O'Donnell, LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Rebuilding Together Metro Denver

We have audited the accompanying financial statements of Rebuilding Together Metro Denver (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

5590 East Yale Avenue, Suite 201 | Denver, Colorado 80222
Tel 303.758.5558 | Fax 303.756.1741 | www.rgo-cpa.com
Member of American Institute of Certified Public Accountants | Member of Colorado Society of Certified Public Accountants

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rebuilding Together Metro Denver as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

We have previously audited the Rebuilding Together Metro Denver 2012 financial statements, and our report dated May 20, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ryan, Gunsauls & O'Donnell, LLC

Ryan, Gunsauls, & O'Donnell, LLC

Denver, Colorado
February 27, 2014

REBUILDING TOGETHER METRO DENVER, INC.
Statements of Financial Position
December 31, 2013 and 2012

ASSETS

	2013	2012
Current assets:		
Cash and cash equivalents	$ 153,555	$ 72,381
Receivables:		
Contributions receivable	1,000	935
Grants receivable	-	17,425
Prepaid expenses	1,000	-
Deposits	1,498	5,571
Property held for resale	63,000	75,000
Total current assets	**220,053**	**171,312**
Property and equipment, net	**12,804**	**21,311**
Total assets	**$ 232,857**	**$ 192,623**

LIABILITIES AND NET ASSETS

	2013	2012
Liabilities:		
Accounts payable	$ 9,587	$ 9,442
Current portion of capital lease	-	2,940
Note payable	22,000	-
Accrued expenses	16,222	42,222
Total current liabilities	**47,809**	**54,604**
Capital lease, net of current portion	-	2,572
Total liabilities	**47,809**	**57,176**
Net assets:		
Unrestricted net assets	185,048	135,447
Total net assets	**185,048**	**135,447**
Total liabilities and net assets	**$ 232,857**	**$ 192,623**

See accompanying independent auditors' report and notes to financial statements.

REBUILDING TOGETHER METRO DENVER, INC.
Statements of Activities
For the Years Ended December 31, 2013 and 2012 (Summarized)

	Unrestricted	2013 Total	2012 (Summarized)
Revenue and support:			
In-kind contributions	$ 484,002	**$ 484,002**	**$ 501,980**
Corporate grants	204,873	**204,873**	**273,133**
REO properties	92,791	**92,791**	**524**
Foundation contributions	38,571	**38,571**	**78,500**
Fundraising and special events	16,852	**16,852**	**15,428**
Individual contributions	13,092	**13,092**	**18,564**
Board contributions	2,200	**2,200**	**3,106**
Other income	1,899	**1,899**	**518**
Interest and service fee income	6	**6**	**6**
Government grants	-	**-**	**206,306**
Gain on sale of assets	-	**-**	**1,124**
Total revenue and support	**854,286**	**854,286**	**1,099,189**
Functional expenses:			
Program services	510,881	**510,881**	**769,404**
General and administrative	291,875	**291,875**	**282,405**
Fundraising	1,929	**1,929**	**108,796**
Total expenses	**804,685**	**804,685**	**1,160,605**
Change in net assets	**49,601**	**49,601**	**(61,416)**
Net assets at beginning of year	135,447	**135,447**	**196,863**
Net assets at end of year	**$ 185,048**	**$ 185,048**	**$ 135,447**

See accompanying independent auditors' report and notes to financial statements.

REBUILDING TOGETHER METRO DENVER, INC.
Statements of Functional Expenses
For the Years Ended December 31, 2013 and 2012 (Summarized)

	Program services	General and administrative	Fund-raising	Total	2012 (Summarized)
Compensation expenses:					
Salaries and related expenses	$ 16,221	$ 162,098	$ -	$ 178,319	$ 288,109
Contract labor	46,127	1,893	-	48,020	52,182
Total labor expense	62,348	163,991	-	226,339	340,291
Expenses:					
In-kind donations	217,170	40,982	550	258,702	426,980
REO expenses	117,478	-	-	117,478	6,500
Program expense	68,165	1,314	35	69,514	192,753
Occupancy	25,513	27,965	-	53,478	80,919
Payroll taxes and related	-	22,817	-	22,817	30,253
Membership and dues	175	10,365	60	10,600	9,365
Depreciation	-	8,508	-	8,508	9,297
Marketing	7,048	1,155	-	8,203	16,532
Accounting	-	8,058	-	8,058	6,427
Insurance	3,721	2,527	-	6,248	6,023
Travel	4,570	-	506	5,076	8,471
Printing and postage	1,998	2,311	20	4,329	4,542
Fundraising	2,299	150	707	3,156	15,049
Office expense	236	1,333	-	1,569	1,226
Meetings and conferences	160	399	51	610	2,291
Other	-	-	-	-	3,686
Total expenses	448,533	127,884	1,929	578,346	820,314
Total functional expenses	**$ 510,881**	**$ 291,875**	**$ 1,929**	**$ 804,685**	**$ 1,160,605**

See accompanying independent auditors' report and notes to financial statements.

REBUILDING TOGETHER METRO DENVER, INC.
Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	$ 49,601	$ (61,416)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,508	9,297
Expense (revenue) related to in-kind asset donations	12,000	(75,000)
(Increase) decrease in operating assets:		
Contributions receivable	(65)	(21)
Grants receivable	17,425	41,995
Prepaid expenses	(1,000)	5,482
Deposits	4,073	(1,000)
Increase (decrease) in operating liabilities:		
Accounts payable	145	3,465
Accrued expenses	(26,000)	13,520
Deferred revenue	-	(14,743)
Net cash provided by (used in) operating activities	**64,687**	**(78,421)**
Cash flows from investing activities:		
Proceeds from sale of property and equipment	-	24,672
Purchase of property and equipment	-	(1,124)
Net cash provided by investing activities	**-**	**23,548**
Cash flows from financing activities:		
Borrowings on note payable	22,000	-
Repayment on capital lease	(5,513)	(2,940)
Net cash provided by (used in) financing activities	**16,487**	**(2,940)**
Net change in cash and cash equivalents	**81,174**	**(57,813)**
Cash and cash equivalents, beginning of year	72,381	130,194
Cash and cash equivalents, end of year	**$ 153,555**	**$ 72,381**
Supplemental disclosure of cash flow information:		
Property, furniture and fixtures donated to Organization	$ 224,500	$ 75,000

See accompanying independent auditors' report and notes to financial statements.

Note 1: Summary of Significant Accounting Policies

This summary of significant accounting policies of Rebuilding Together Metro Denver, Inc., (the Organization), is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of financial statements.

Nature of Operations

The Organization was incorporated in 1999 as a Colorado not-for-profit organization, which works in partnership with the community to rehabilitate the houses of low-income homeowners, particularly the elderly and disabled. Since its inception, the Organization has partnered with thousands of volunteers to rehabilitate over 700 homes and non-profit facilities in the Denver Metropolitan area.

Eligible homeowners must be low-income, elderly, disabled or caring for a disabled family member, and unable to do the work themselves. The selection process is coordinated by staff and includes meeting homeowners and evaluating each home. Individual families are referred through human service organizations, churches, synagogues, community organizations and service groups or by self-referral.

Basis of Accounting

The Organization's financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standard Codification (ASC) 958-210, *Financial Statement of Not-For-Profit Organizations.* Under ASC 958-210, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted, temporarily restricted, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

Note 1: Summary of Significant Accounting Policies, continued

Contributions and Grants Receivable

Contributions and grants receivable consist of receivables for government grants, board donations, corporate contributions, foundation contributions, and individual contributions. Based on the judgment of the Organization and past collection histories, no allowances for bad debts were deemed necessary at December 31, 2013 and 2012. The Organization did not write off any bad debts during the years ended December 31, 2013 and 2012.

Deferred Revenue

Deferred revenue consists of grant monies for the next fiscal year, which require certain conditions to be met in order to recognize as revenue. As of December 31, 2013 and 2012, deferred revenues were $-0-.

Contributions and Grant Revenue

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in ASC 958-310, *Accounting for Contributions Received and Contributions Made.* In accordance with ASC 958-310, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence and/or nature of any donor restrictions.

All other restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When the 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 statement of activities as net assets released from restrictions.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Indirect expenses are allocated to program and supporting services on the basis of the function and areas benefited and use of the assets. All other costs can be specifically identified with a particular function and are charged directly to that function.

Income Taxes

No provision for income taxes is provided, as the Organization is exempt under Section 501(c)(3) of the Internal Revenue Code (the Code) and the Colorado Income Tax Act of 1964. As a charitable organization, only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. The Organization had no unrelated business income tax liability at December 31, 2013 and 2012.

Note 1: Summary of Significant Accounting Policies, continued

Income Taxes, continued

The Organization has evaluated its tax positions for all open tax years. Currently, the years open for tax authority examination are 2011 through 2013 by the Internal Revenue Service. However, the Organization is not currently under audit nor has it been contacted by this taxing authority. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the years ended December 31, 2013 and 2012.

Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. In preparing financial statements, management is required to make estimates and assumptions that affect the reported period. Actual results could differ from those estimates.

Fair Value of Financial Statements

Financial instruments consist primarily of cash and cash equivalents, receivables, accounts payable, and long-term debt. The amounts reported in the financial statements approximate fair values.

Off Balance Sheet Credit Risk

The Organization places its cash receipts with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). On occasion throughout the year, the Organization’s cash on deposit with its financial service providers may have exceeded the insurance limit established by the FDIC. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Evaluation of Subsequent Events

The Organization has evaluated subsequent events through February 27, 2014, the date at which the financial statements were available to be issued, and determined that no events have occurred subsequent to that date that required disclosure.

Summarized Financial Information for 2012

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended December 31, 2012, from which the summarized information was derived.

Note 2: Property and Equipment

Property and equipment are recorded at cost or at fair market value in the case of donated items. Expenditures for and contributions of equipment with a fair market value greater than $1,000 are capitalized. Depreciation is computed using the straight-line method of depreciation over the following estimated useful lives of 5 years for furniture, equipment and vehicles. Property and equipment at December 31, 2013 and 2012 consist of the following:

	2013	2012
Furniture and equipment	$ 29,072	$ 29,072
Automobiles	17,514	17,514
	46,586	46,586
Less accumulated depreciation	(33,782)	(25,275)
Property and equipment, net	$ 12,804	$ 21,311

For the years ended December 31, 2013 and 2012, depreciation expense was $8,508 and $9,297, respectively.

Note 3: Property Held for Resale

During the year ended December 31, 2013, the Organization received three donated properties valued at $224,500. During the year ended December 31, 2012, the Organization received one donated property valued at $75,000. Three of the properties were sold in 2013 for their fair market value of $328,500, resulting in a gain on the sale of the properties of $92,791 and $-0- at December 31, 2013 and 2012, respectively. One property remains on the balance sheet at fair market value of $63,000 at December 31, 2013.

Note 4: Capital Leases

The Organization leased telephone equipment under a capital lease agreement that expires in September 2014, based on 60-month terms, with zero interest. The lease was paid off during the year ended December 31, 2013 as part of the relocation of the Organization's offices and no further liability exists for this lease. Assets under the capital lease included in property and equipment at December 31 are as follows:

	2013	2012
Equipment	$ 14,700	$ 14,700
Less accumulated depreciation	(11,760)	(8,820)
Total	$ 2,940	$ 5,880

Note 5: Note Payable

In 2013, the Organization entered into a note payable for $22,000 with unpaid interest and principal due on December 15, 2014. The note payable balance accrues interest at 10% per annum; and monthly interest payments of $183.33 are due beginning on December 15, 2013 until the maturity of the note.

Note 6: In-Kind Contributions

Donated goods and equipment are recorded at estimated fair values as revenue and expense, or capitalized assets, depending on the nature of the donation. The contribution of services is recognized if the services either create or enhance non-financial assets or require specialized skills. These specialized skills need to be provided by individuals possessing those skills and the services would typically need to be purchased if not provided by donation.

In-kind donations of materials and services recognized for the years ending December 31, 2013 and 2012 are as follows:

	2013	2012
Materials	$ 9,946	$ 92,299
Equipment rental	2,569	3,605
Fixed assets – held for sale	224,500	75,000
Rental income	-	28,815
Services	246,987	302,261
Total	$ 484,002	$ 501,980

Note 7: Operating Leases

In 2013, the Organization occupied an office space under an operating lease that will expire on March 31, 2014. Per terms of the lease, the Organization may extend the lease term for consecutive 3 month terms. As of December 31, 2013, the Organization intends to extend this lease, at a monthly amount of $1,500. Rent expense for the year ended December 31, 2013 was $18,000.

In 2012, the Organization terminated its operating lease agreement for the old office space and paid $12,544 in an early termination charge. In addition, the Organization received $28,815 in in-kind rent from the previous lessor. Total rent expense for the year ended December 31, 2012 was $48,986.

Note 8: Retirement Plan

The Organization adopted a 403(b) plan which covers its full-time employees. During the years ended December 31, 2013 and 2012, no contributions were made to the plan. Contributions are discretionary and are determined on an annual basis.

Note 9: Related Party Transactions

The Organization and similar entities around the country are members of the national Rebuilding Together, Inc. (the National Organization), but are not subsidiaries of or controlled by the National Organization. As of December 31, 2013 and 2012, the Organization paid the National Organization $10,000 and $8,500, respectively, in membership dues.

In 2013 and 2012, the Organization received pass-through grants of $32,453 and $92,914, respectively, from the National Organization, of which $-0- was in grant receivables at December 31, 2013 and 2012. Additionally, liability insurance (including D&O premiums) is obtained through the National Organization, for which the Organization paid premiums of $3,895 and $3,116 for the years ended December 31, 2013 and 2012, respectively. For the years ended December 31, 2013 and 2012, the Organization also paid the National Organization $7,500 and $22,500, respectively, for volunteer assistance.

Note 10: Concentrations

The Organization enjoys broad based support from individuals, businesses, and various granting agencies in the community. In any year, it may receive large gifts and grants from donors who vary from year to year. For the years ended December 31, 2013 and 2012, the Organization received approximately 57% and 46% of its revenue from in-kind donations, 24% and 44% of its revenue from government and corporate grants, and 11% and 0% of its revenues from the sales of donated property, respectively.

Of the amounts received for in-kind donations, 49% and 54% was from skilled and unskilled labor and 46% and 15% were from donated property for the years ended December 31, 2013 and 2012, respectively. Of the amounts received from government and corporate grants, 3% and 19% was received from the National Organization and 0% and 40% was received from one government grant during the years ended December 31, 2013 and 2012, respectively. There were no significant concentrations in other areas of support for the years ended December 31, 2013 and 2012.