

**REBUILDING TOGETHER CENTRAL OHIO, INC.**

**FINANCIAL STATEMENTS**

**December 31, 2012 and 2011**

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Winkel Green & Van Horn LLP  
*certified public accountants*

**Independent Auditors' Report**

To the Members and Board of Trustees  
Rebuilding Together Central Ohio, Inc:

We have audited the accompanying financial statements of Rebuilding Together Central Ohio, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. The 2011 summarized comparative information has been derived from Rebuilding Together Central Ohio, Inc.'s December 31, 2011 financial statements, and in our report dated August 7, 2012, we expressed an unqualified opinion on 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.

**Auditor's 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 auditor's judgment, including the assessment of the risk 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 principles 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rebuilding Together Central Ohio, Inc. as of December 31, 2012 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.

  
September 13, 2013

**REBUILDING TOGETHER CENTRAL OHIO, INC.**

Statement of Financial Position  
December 31, 2012

**ASSETS**

	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash and Cash Equivalents	\$ 59,900	22,218
Grants Receivable	48,685	81,427
Prepaid Assets	<u>2,704</u>	<u>15,018</u>
Total Current Assets	111,289	118,663
Fixed Assets:		
Furniture, Fixtures and Equipment	58,163	48,650
Less: Accumulated Depreciation	<u>(40,020)</u>	<u>(37,835)</u>
Net Fixed Assets	<u>18,143</u>	<u>10,815</u>
Total Assets	<u>\$ 129,432</u>	<u>\$ 129,478</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities:		
Accounts Payable	\$ 17,648	\$ 7,280
Current Portion of Capital Lease Payable	2,265	-
Accrued Expenses	<u>21,120</u>	<u>7,497</u>
Total Current Liabilities	41,033	14,777
Long-Term Liabilities		
Long-Term Portion of Capital Lease Payable	<u>8,682</u>	-
Total Long-Term Liabilities	<u>8,682</u>	-
Total Liabilities	49,715	14,777

**NET ASSETS**

Unrestricted	72,550	48,195
Unrestricted - Board Designated	<u>2,167</u>	<u>2,167</u>
Total Unrestricted Net Assets	74,717	50,362
Temporarily Restricted	<u>5,000</u>	<u>64,339</u>
Total Net Assets	<u>79,717</u>	<u>114,701</u>
Total Liabilities and Net Assets	<u>\$ 129,432</u>	<u>\$ 129,478</u>

**REBUILDING TOGETHER CENTRAL OHIO, INC.**Statement of Activities  
For the year ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2012</u>	<u>Total 2011</u>
Revenues and Other Support:				
Home Sponsorship	\$ -	\$ 36,800	\$ 36,800	\$ 44,895
Contributions	108,321	5,000	113,321	92,451
United Way Contributions	39,377	-	39,377	40,748
Fundraising	900	-	900	675
Community Development Block Grant	54,554	-	54,554	81,896
Other Grants	250,109	-	250,109	81,905
Other Income	11,031	-	11,031	10,535
In Kind Contributions	192,062	-	192,062	154,049
Net Assets Released from Restrictions	101,139	(101,139)	-	-
	<u>757,493</u>	<u>(59,339)</u>	<u>698,154</u>	<u>507,154</u>
Total Revenues and Other Support				
Functional Expenses:				
Program Services	640,791	-	640,791	503,272
Administration	76,394	-	76,394	78,122
Fundraising	4,930	-	4,930	4,570
	<u>722,115</u>	<u>-</u>	<u>722,115</u>	<u>585,964</u>
Total Functional Expenses				
Decrease In Net Assets	35,378	(59,339)	(23,961)	(78,810)
Prior Period Adjustment	(11,023)	-	(11,023)	(29,600)
	<u>24,355</u>	<u>(59,339)</u>	<u>(34,984)</u>	<u>(108,410)</u>
Net Decrease In Net Assets				
Net Assets, Beginning of Year	50,362	64,339	114,701	223,111
	<u>74,717</u>	<u>5,000</u>	<u>79,717</u>	<u>114,701</u>
Net Assets, End of Year				

**REBUILDING TOGETHER CENTRAL OHIO, INC.**

Statement of Cash Flows  
For the year ended December 31, 2012

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities		
Decrease in Net Assets	\$ (34,984)	\$ (108,410)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	6,557	5,253
Loss on Disposal of Assets	206	-
Decrease in Grants Receivable	32,742	117,231
Increase (Decrease) in Prepaid Expenses	12,314	(13,129)
Increase (Decrease) in Accounts Payable	10,368	(4,052)
Increase in Accrued Expenses	13,623	544
Net Cash Flows Used by Operating Activities	<u>40,826</u>	<u>(2,563)</u>
Cash Flows From Investment Activities		
Purchase of Furniture, Fixtures and Equipment	<u>(2,201)</u>	<u>(3,240)</u>
Net Cash Flows Used by Investment Activities	<u>(2,201)</u>	<u>(3,240)</u>
Cash Flows From Financing Activities		
Capital Lease Payments	(943)	-
Repayment of Loans	-	(2,495)
Net Cash Flows Provided by Investment Activities	<u>(943)</u>	<u>(2,495)</u>
Net Increase (Decrease) in Cash	37,682	(8,298)
Cash - Beginning of Year	<u>22,218</u>	<u>30,516</u>
Cash - End of Year	<u>\$ 59,900</u>	<u>\$ 22,218</u>
Interest Expense for the Period	<u>\$ 131</u>	<u>\$ -</u>
Income Taxes for the Period	<u>\$ -</u>	<u>\$ -</u>
Equipment Acquired With A Capital Lease Payable	<u>\$ 11,891</u>	<u>\$ -</u>

**REBUILDING TOGETHER CENTRAL OHIO, INC.**

Statement of Functional Expenses  
For the year ended December 31, 2012

<b><u>Operating Expenses</u></b>	<b><u>Program Services</u></b>	<b><u>General and Administrative</u></b>	<b><u>Fund Raising</u></b>	<b><u>Total 2012</u></b>	<b><u>Total 2011</u></b>
Salaries	\$ 196,175	\$ 14,083	\$ 2,817	\$ 213,075	\$ 197,026
Payroll Taxes	30,153	2,165	433	32,751	13,091
Home Repairs	317,343	-	-	317,343	227,766
Occupancy	32,593	4,444	-	37,037	27,215
Professional Fees	7,708	27,330	-	35,038	37,417
Insurance	11,582	739	-	12,321	7,859
Office Supplies	-	6,160	-	6,160	5,417
Meals, Entertainment, and Travel	-	3,537	-	3,537	972
Dues and Subscriptions	-	9,215	-	9,215	7,625
Utilities	5,784	789	-	6,573	7,808
Telephone	2,692	1,154	-	3,846	3,704
Postage	-	563	-	563	613
Information Technology	14,063	1,508	-	15,571	4,404
Depreciation	6,557	-	-	6,557	5,253
Volunteer Support	10,544	-	-	10,544	11,469
Training	4,957	-	-	4,957	230
Tool Library	640	-	-	640	25,664
Fundraising	-	-	1,680	1,680	1,211
Other Expenses	-	4,707	-	4,707	1,220
<b>Total Operating Expenses</b>	<b><u>\$ 640,791</u></b>	<b><u>\$ 76,394</u></b>	<b><u>\$ 4,930</u></b>	<b><u>\$ 722,115</u></b>	<b><u>\$ 585,964</u></b>

## REBUILDING TOGETHER CENTRAL OHIO, INC.

Notes to Financial Statements

December 31, 2012 and 2011

### Note 1 - Description of Activities and Summary of Significant Accounting Policies

#### Description of Activities

Rebuilding Together Central Ohio, Inc. is a not-for-profit organization which incorporated on February 7, 1991 under the name of Columbus Christmas in April, Inc. The purpose of the Organization is to rehabilitate housing for low income, elderly or disabled homeowners in the Columbus, Ohio area. The Organization is an affiliate of Rebuilding Together, Inc.

#### Principles of Accounting

The financial statements of Rebuilding Together Central Ohio, Inc. have been 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 Standards Codification (ASC) 958 Not-for-Profit Entities. Under ASC 958, the Organization 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. In addition, the Organization is required to present a statement of cash flows.

#### Donated Goods, Services and Assets

Donated services are recognized as contributions in accordance with ASC 958-605, Not-for-Profit Entities – Revenue Recognition, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided substantial time and effort throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under ASC 958-605 were not met. The value of donated goods and services meeting the recognition criteria of ASC 958-605 included as contributions in the financial statements and the corresponding program expenses for the fiscal year ending December 31, 2012 and 2011 were \$192,062 and \$154,049, respectively. During the year, a significant amount of professional fees were contributed to help develop infrastructure to support the growth toward being a year round program. Professional fees include legal, accounting, and information technologies.

Donated goods and services were expensed as follows:

	<u>2012</u>	<u>2011</u>
House Repairs	\$181,934	\$132,365
Tool Library	741	21,684
Office Supplies / I.T.	<u>9,387</u>	<u>---</u>
Total Donated		
Goods and Services	<u>\$192,062</u>	<u>\$154,049</u>

#### Grants Receivable

Grants receivable are stated at the amount management expects to collect from outstanding balances. The Organization expects to collect the amounts outstanding at December 31, 2012 in full and, therefore, has not recognized any allowance for uncollectible amounts.



**REBUILDING TOGETHER CENTRAL OHIO, INC.**

Notes to Financial Statements (Continued)  
December 31, 2012 and 2011

Note 1 - **Description of Activities and Summary of Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, Rebuilding Together Central Ohio, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, the actual results could differ from those estimates.

**Depreciation**

Property and equipment are stated at cost or at their estimated fair value at date of donation. Depreciation is provided using the straight line method over the estimated useful lives of the assets as follows:

Office equipment	5 years
Rehabilitation equipment	7 years

Additions and betterments of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

**Federal Income Tax**

Rebuilding Together Central Ohio, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, Rebuilding Together Central Ohio, Inc. qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the fiscal year ending December 31, 2012.

The Organization files its forms 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Ohio. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before December 31, 2009.

**REBUILDING TOGETHER CENTRAL OHIO, INC.**

Notes to Financial Statements (Continued)  
December 31, 2012 and 2011

**Note 1 -Description of Activities and Summary of Significant Accounting Policies (Continued)**

**Restricted and Unrestricted Revenue**

The Organization has chosen to show donor restricted donations whose restrictions are met in the same year as unrestricted support. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the 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.

Unless otherwise stipulated in the gift agreement, all investment income is recognized as unrestricted revenue.

**Note 2 -Lease Commitments**

The Organization has a non-cancelable operating lease that expires February 28, 2013. The monthly rent under the lease is \$2,025 per month. The lease was extended through December 31, 2013 at the same rate while a new lease is being negotiated. Total required minimum payments required under this extended lease will total \$24,300 in 2013. Rental expense under this lease during the year ending December 31, 2012 totaled \$24,300.

Beginning August 2012, the Organization entered into a capital lease arrangement for a copier. Under the lease, the Organization is required to make payments of \$215 per month for 63 months. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities. The following is an analysis of the leased assets included in fixed assets:

Furniture, Fixtures and Equipment	\$11,891
Accumulated Depreciation	( 1,189)
Net Fixed Assets	<u>\$10,702</u>

The following is a schedule by years of future minimum principal payments required under the lease:

<u>Year-End Date</u>	<u>Minimum Payments</u>
<u>December 31:</u>	
2013	\$ 2,265
2014	2,265
2015	2,265
2016	2,265
2017	<u>1,887</u>
Total	<u>\$10,947</u>

Expenses related to this lease included in the statement of functional expenses for the year ending December 31, 2012 consist of depreciation (\$1,189) and interest (\$131). Interest costs are included in Other Expenses on the statement of functional expenses.

**REBUILDING TOGETHER CENTRAL OHIO, INC.**

Notes to Financial Statements (Continued)  
December 31, 2012 and 2011

**Note 3 -Unrestricted-Board Designated Net Assets**

In a prior year, individuals donated funds as a memorial to a long-time volunteer of the organization. The funds were donated without restriction, but the board designated these funds to be used for an event to honor the volunteer.

**Note 4 -Temporarily Restricted Net Assets**

Temporarily restricted net assets comprise of the following:

	<u>2012</u>	<u>2011</u>
Honda Grant	\$5,000	\$ ---
United Way of Central Ohio Grant	---	34,867
American Electric Power Grant	---	20,000
Ohio Department of Development Grant	---	<u>9,472</u>
	<u>\$5,000</u>	<u>\$64,339</u>

These temporarily restricted net assets are for subsequent years' activities.

**Note 5 -Grants Receivable**

Grants Receivable consists of grants awarded but not fully collected as of December 31, 2012 and 2011. The Grants comprise of:

	<u>2012</u>	<u>2011</u>
Franklin County	\$30,000	\$ ---
City of Columbus	13,685	---
Honda	5,000	---
United Way of Central Ohio Grant	---	34,867
Community Development Block/CHORES Grant	---	24,131
American Electric Power Grant	---	20,000
Ohio Housing Trust Grant	---	1,929
Columbus Foundation Grant	---	<u>500</u>
	<u>\$48,685</u>	<u>\$81,427</u>

**Note 6 -Tool Library**

In a prior year, the Organization operated a tool library which was owned by the City of Columbus. The Tool Library is a place where local residents can come and loan tools upon complying with certain requirements. In April 2009, the City of Columbus transferred title to the tool library to the Organization and the Organization became fully responsible for the Tool Library. The Organization has decided that, due to the limited life and nature of the items, all expenditures to replenish the Tool Library will be expensed.

**REBUILDING TOGETHER CENTRAL OHIO, INC.**

Notes to Financial Statements (Continued)  
December 31, 2012 and 2011

**Note 7 -Concentration of Credit Risk**

The Organization has concentrated its credit risk for cash by maintaining deposits in a bank located within the same geographic region. The account is insured up to \$250,000 at December 31, 2012 and 2011. The Organization may occasionally exceed this amount but did not do so during the fiscal year ending December 31, 2012 and 2011.

During the fiscal year ending December 31, 2012, the Organization received \$150,000 (approximately 30% of its revenues) from State of Ohio grants, \$54,554 (approximately 11% of its revenues) from Columbus' Community Development Block Grant, and another \$54,400 (approximately 11% of its revenues) from Lowes grants.

During the fiscal year ending December 31, 2011, the Organization received \$81,896 (approximately 23% of its revenues) from the City of Columbus' Community Development Block Grant, \$45,500 (approximately 13% of its revenues) from Columbus Foundation grants, and another \$40,187 (approximately 11% of its revenues) from United Way of Central Ohio grants.

A loss or reduction of those grants could significantly impact the operations of the Organization and its ability to carry out its mission.

**Note 8 -Subsequent Events**

Subsequent events were reviewed through September 13, 2013, which is the date the financial statements were available to be issued.

**Note 9 -Prior Period Adjustment**

During 2010, an amount was recognized as revenue in error. The amount was noted while performing the annual audit for the year ending December 31, 2011. The beginning net assets were adjusted to reflect this correction.

In performing the annual audit for the year ending December 31, 2012, it was noted that an accrual for the employee's paid time off (PTO) earned and unused was not made in previous years. The beginning net assets were adjusted to reflect this correction.