

Rebuilding Together Houston

Financial Statements – Modified Cash Basis
and Independent Auditors' Report
for the years ended December 31, 2008 and 2007

Independent Auditors' Report

To the Board of Directors of
Rebuilding Together Houston:

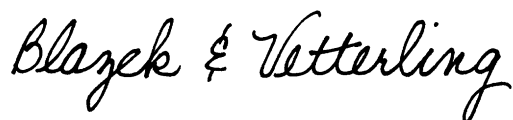
We have audited the accompanying statements of assets, liabilities, and net assets – modified cash basis of Rebuilding Together Houston as of December 31, 2008 and 2007 and the related statements of revenue and expenses and changes in net assets – modified cash basis and of functional expenses – modified cash basis for the years then ended. These financial statements are the responsibility of the management of Rebuilding Together Houston. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements have been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Rebuilding Together Houston as of December 31, 2008 and 2007 and the revenue, expenses, and changes in net assets for the years then ended on the basis of accounting described in Note 1.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Rebuilding Together Houston taken as a whole. The accompanying supplemental schedule on pages 8 and 9 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



May 22, 2009

Rebuilding Together Houston

Statements of Assets, Liabilities and Net Assets – Modified Cash Basis as of December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 542,957	\$ 949,497
Certificates of deposit	576,718	95,628
Building, net of accumulated depreciation of \$149,835 in 2008 and \$135,606 for 2007	<u>134,752</u>	<u>148,981</u>
TOTAL ASSETS	<u>\$ 1,254,427</u>	<u>\$ 1,194,106</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Funds held for the Houston Independent School District (<i>Note 2</i>)	\$ 95,628	\$ 95,628
Contract advances	<u>211,904</u>	<u>538,387</u>
Total liabilities	<u>307,532</u>	<u>634,015</u>
Net assets:		
Unrestricted net assets:		
Undesignated	313,459	403,284
Board designated reserve fund	300,000	
Building	<u>134,752</u>	<u>148,981</u>
Total unrestricted net assets	748,211	552,265
Temporarily restricted net assets (<i>Note 4</i>)	<u>198,684</u>	<u>7,826</u>
Total net assets	<u>946,895</u>	<u>560,091</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,254,427</u>	<u>\$ 1,194,106</u>

See accompanying notes to financial statements.

Rebuilding Together Houston

Statements of Revenue and Expenses and Changes in Net Assets – Modified Cash Basis
for the years ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
REVENUE:		
Grants (<i>Note 3</i>)	\$ 3,298,346	\$ 2,941,878
Contributions	980,336	644,057
Rental and other income	5,760	20,561
Interest	<u>27,958</u>	<u>32,792</u>
Total revenue	<u>4,312,400</u>	<u>3,639,288</u>
EXPENSES:		
Housing and neighborhood revitalization programs:		
Roof and Interior Repair	1,689,590	1,200,118
Energy Efficiency	1,480,495	1,564,997
Volunteer Home Repair	534,399	431,812
Safer Home	<u>54,230</u>	<u>50,647</u>
Total housing and neighborhood revitalization programs	3,758,714	3,247,574
Management and general	110,673	95,923
Fundraising	<u>56,209</u>	<u>75,359</u>
Total expenses	<u>3,925,596</u>	<u>3,418,856</u>
CHANGES IN NET ASSETS	386,804	220,432
Net assets, beginning of year	<u>560,091</u>	<u>339,659</u>
Net assets, end of year	<u>\$ 946,895</u>	<u>\$ 560,091</u>

See accompanying notes to financial statements.

Rebuilding Together Houston

Statement of Functional Expenses – Modified Cash Basis for the year ended December 31, 2008

	PROGRAM SERVICES					SUPPORTING SERVICES		
	ROOF & INTERIOR REPAIR	ENERGY EFFICIENCY	VOLUNTEER HOME REPAIR	SAFER HOME	TOTAL	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and benefits	\$ 173,819	\$ 183,600	\$ 102,198	\$ 31,805	\$ 491,422	\$ 85,761	\$ 49,756	\$ 626,939
Contractor fees	1,468,847	1,247,596	142,062	13,900	2,872,405			2,872,405
Construction supplies			221,241		221,241			221,241
Insurance	22,742	24,021	13,371	4,161	64,295			64,295
Occupancy	10,452	11,058	33,452	1,912	56,874	2,791	2,529	62,194
Travel	7,083	7,336	4,047	1,265	19,731	3,541	2,024	25,296
Supplies	4,003	4,145	2,287	715	11,150	2,001	1,144	14,295
Depreciation			14,229		14,229			14,229
Telephone	2,522	2,612	1,441	450	7,025	1,261	721	9,007
Other	122	127	71	22	342	15,318	35	15,695
Total	<u>\$1,689,590</u>	<u>\$1,480,495</u>	<u>\$ 534,399</u>	<u>\$ 54,230</u>	<u>\$3,758,714</u>	<u>\$ 110,673</u>	<u>\$ 56,209</u>	<u>\$3,925,596</u>

See accompanying notes to financial statements.

Rebuilding Together Houston

Statement of Functional Expenses – Modified Cash Basis for the year ended December 31, 2007

	PROGRAM SERVICES				SUPPORTING SERVICES			
	ROOF & INTERIOR REPAIR	ENERGY EFFICIENCY	VOLUNTEER HOME REPAIR	SAFER HOME	TOTAL	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and benefits	\$ 144,662	\$ 239,942	\$ 123,582	\$ 35,371	\$ 543,557	\$ 75,068	\$ 66,204	\$ 684,829
Contractor fees	1,024,019	1,272,913			2,296,932			2,296,932
Construction supplies			266,917	7,589	274,506			274,506
Insurance	12,374	20,524	10,571	3,026	46,495			46,495
Occupancy	6,414	10,639	5,480	1,568	24,101	3,328	2,935	30,364
Travel	5,784	9,593	4,941	1,414	21,732	3,002	2,646	27,380
Supplies	4,381	7,267	3,743	1,072	16,463	2,274	2,005	20,742
Depreciation			14,457		14,457			14,457
Telephone	1,955	3,241	1,669	478	7,343	1,014	894	9,251
Other	<u>529</u>	<u>878</u>	<u>452</u>	<u>129</u>	<u>1,988</u>	<u>11,237</u>	<u>675</u>	<u>13,900</u>
Total	<u>\$1,200,118</u>	<u>\$1,564,997</u>	<u>\$ 431,812</u>	<u>\$ 50,647</u>	<u>\$3,247,574</u>	<u>\$ 95,923</u>	<u>\$ 75,359</u>	<u>\$3,418,856</u>

See accompanying notes to financial statements.

Rebuilding Together Houston

Notes to Financial Statements for the years ended December 31, 2008 and 2007

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Rebuilding Together Houston (RTH) is a nonprofit corporation founded in 1982 that promotes private sector involvement in improving the quality of life for low-income seniors and disabled homeowners in Houston and Harris County. RTH's focus is the delivery of essential home repairs to improve the overall condition of the home, eliminate health and safety hazards in the home, and improve its energy efficiency. Exterior home repair is provided by volunteer crews sponsored by corporations, churches, schools and community organizations and is the core of RTH's mission. Low-income neighborhoods served by RTH include Acres Homes, North Side, Fifth Ward, Kashmere Gardens, Settegast, Third Ward, Sunnyside and communities outside loop 610 in east Harris County.

Tax status – Rebuilding Together Houston is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1).

Basis of accounting – The financial statements have been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis, contributions, rental income, and interest are recognized when received rather than when earned. Expenditures are generally recognized when paid rather than when incurred. Consequently, RTH has not recognized pledges receivable from donors, accounts payable to vendors, and their related effects on the change in net assets in the accompanying financial statements.

Cash and cash equivalents – Cash equivalents are highly liquid financial instruments with original maturities of three months or less. At times, deposits exceed the federally insured limit.

Grant revenue represents contracts with corporations to provide home repair services to specific recipients and is recognized when the related services are provided. Amounts received in advance are recorded as contract advances.

Contribution revenue is recognized when cash is received.

Building consists of a warehouse and is depreciated using the straight-line method over 20 years. Purchases of office furnishings and equipment are charged to expense as paid.

Rental income consists of rentals received for renting a portion of Rebuilding Together Houston's warehouse to a third party. Rental income is recognized when received.

Building materials are recognized as expenditures when paid rather than when used. Therefore, no amounts are recorded as inventory as of December 31, 2008 and 2007.

Estimates – The preparation of financial statements in conformity with modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets, revenues and expenses during the reporting period and disclosures in the financial statements. Actual results could differ materially from those estimates.

Reclassifications – Certain reclassifications have been made to the prior year financial statements to conform with the current presentation.

NOTE 2 – FUNDS HELD FOR THE HOUSTON INDEPENDENT SCHOOL DISTRICT

RTH serves as the fiscal agent for the Character Education Project implemented by the Houston Independent School District. All funds for this project were received from private foundations and corporate sponsors. Under a written agreement with the Houston Independent School District, RTH uses the interest income earned on the funds to offset expenses related to administering the project.

NOTE 3 – CONCENTRATION OF GRANTS

Rebuilding Together Houston receives the majority of its funding from a limited number of corporations. These grants include the following:

	<u>2008</u>	<u>2007</u>
Reliant Energy Retail Services, Inc.	\$ 989,014	\$ 1,034,116
Houston Housing Finance Corporation	860,640	175,338
CenterPoint Energy Houston Electric, LLC	841,492	1,082,916
Harris County Housing Finance Corporation	373,720	558,376
Federal Home Loan Bank	233,480	76,439
Other	<u> </u>	<u>14,693</u>
Total	<u>\$ 3,298,346</u>	<u>\$ 2,941,878</u>

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2008</u>	<u>2007</u>
Home repairs for victims of Hurricane Ike	\$ 120,560	
Energy efficiency programs	66,798	
Other programs	<u>11,326</u>	<u>\$ 7,826</u>
Total temporarily restricted net assets	<u>\$ 198,684</u>	<u>\$ 7,826</u>

Rebuilding Together Houston

Supplemental Schedule of Value of Programs Delivered for the years ended December 31, 2008 and 2007

The deemed value of programs delivered is as follows:

	<u>2008</u>	<u>2007</u>
Cash disbursements:		
Roof and Interior Repair	\$1,689,590	\$ 1,200,118
Energy Efficiency	1,480,495	1,564,997
Volunteer Home Repair	520,170	417,355
Safer Home	54,230	50,647
Management and general	110,673	95,923
Fundraising	<u>56,209</u>	<u>75,359</u>
Total cash disbursements	<u>3,911,367</u>	<u>3,404,399</u>
In-kind expenses:		
Volunteer labor for Volunteer Home Repair Program (VHRP) (Note 1)	1,505,384	1,354,896
In-kind contributions (Note 2)	<u>101,341</u>	<u>120,450</u>
Total in-kind expenses	<u>1,606,725</u>	<u>1,475,346</u>
Total value of programs delivered	<u>\$ 5,518,092</u>	<u>\$ 4,879,745</u>

NOTE 1 – The Volunteer Home Repair Program (VHRP) facilitated completion of exterior home repairs by volunteers of 243 houses in 2008. On average, each VHRP house repair project utilized a 20-member crew which worked two Saturdays: 15 hours per crew member and 300 hours per house. Valued at \$19.81 per hour, the labor component in the 2008 VHRP was valued at \$1,444,149 (# of houses 243 x # of hours 300 x \$19.81 per hour = \$1,444,149). The Safer Home Program facilitated completion of 38 wheelchair ramps in 2008. On average each ramp utilized a 5-member crew working 9 hours and a skilled leader working 12 hours: 9 hours per ramp/team and 45 hours per house. Valued at \$19.81 per hour, the labor component in 2008 SHP was valued at \$33,875 (# of ramps 38 x # of hours 45 x \$19.81 per hour = \$33,875). Skilled leader 12 hours per ramp x \$60 per hour (# of hours 456 x \$60.00 per hour = \$27,360). Total volunteer value at \$1,505,384.

The Volunteer Home Repair Program (VHRP) facilitated exterior home repairs by volunteers of 232 houses in 2007. On average, each VHRP house repair project utilized a 20-member crew which worked two Saturdays: 15 hours per crew member and 300 hours per house. Valued at \$18.77 per hour, the labor component in the 2007 VHRP was valued at \$1,306,392 (# of houses 232 x # of hours 300 x \$18.77 per hour = \$1,306,392). The Safer Home Program facilitated completion of 31 wheelchair ramps in 2007. On average each ramp utilized a 5-member crew working 9 hours and a skilled leader working 12 hours: 9 hours per ramp/team member and 45 hours per house. Valued at \$18.77 per hour, the labor component in the 2007 SHP was valued at \$26,184 (# of ramps 31 x # of hours 45 x \$18.77 per hour = \$26,184). Skilled leader 12 hours per ramp x \$60 per hour (# of hours 372 x \$60.00 per hour = \$22,320). Total volunteer value at \$1,354,896.

NOTE 2 – Rebuilding Together Houston received other in-kind contributions as follows:

	<u>2008</u>	<u>2007</u>
Office space	\$ 76,341	\$ 85,250
Professional services	20,000	20,000
Other	<u>5,000</u>	<u>15,200</u>
Total	<u>\$ 101,341</u>	<u>\$ 120,450</u>
