Rebuilding Together®

Financial Statements

For the Year Ended December 31, 2009
(With Summarized Financial Information for the Year Ended December 31, 2008)

and
Report Thereon

RAFFA

CONSULTING
ACCOUNTING
TECHNOLOGY

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rebuilding Together, Inc.

We have audited the accompanying statement of financial position of Rebuilding Together, Inc. (the Organization) as of December 31, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's December 31, 2008 financial statements and in our report dated October 7, 2009, we expressed an unqualified opinion on those financial statements.

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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rebuilding Together, Inc. as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Raffa, P.C.

RAFFA, P.C.

Washington, DC
September 13, 2010

REBUILDING TOGETHER, INC.

STATEMENT OF FINANCIAL POSITION
December 31, 2009
(With Summarized Financial Information as of December 31, 2008)

	2009	2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 7,884,967	$ 7,653,968
Accounts receivable, net	268,853	291,784
Pledges receivable, net	1,166,862	3,103,216
Prepaid expenses	162,494	36,563
Land held for sale	344,000	344,000
Total Current Assets	9,827,176	11,429,531
Long-term investments	2,719,920	2,674,007
Long-term pledges receivable, net	138,000	-
Property and equipment, net	358,850	395,509
TOTAL ASSETS	$ 13,043,946	$ 14,499,047
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 274,208	$ 327,005
Capital lease obligation	8,247	7,615
Grants payable	13,500	119,636
Due to chapters	468,191	825,513
Deferred revenue	46,014	140,300
Deferred rent	88,885	-
Deferred insurance liability	179,543	139,438
Deferred compensation payable	-	145,836
Total Current Liabilities	1,078,588	1,705,343
Long-term capital lease obligations	10,139	18,386
Long-term deferred compensation payable	214,033	190,860
TOTAL LIABILITIES	1,302,760	1,914,589
Net Assets		
Unrestricted		
Undesignated	3,496,963	4,656,356
Board designated		
Reserves	329,543	228,623
Quasi-endowment	370,895	370,895
Total Unrestricted Net Assets	4,197,401	5,255,874
Temporarily restricted	6,642,071	6,426,870
Permanently restricted	901,714	901,714
Total Net Assets	11,741,186	12,584,458
TOTAL LIABILITIES AND NET ASSETS	$ 13,043,946	$ 14,499,047

The accompanying notes are an integral part of these financial statements.

REBUILDING TOGETHER, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

(With Summarized Financial Information for the Year Ended December 31, 2008)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total	2008 Total
REVENUE AND SUPPORT					
Donated facilities, services and materials	$ 5,058,671	$ 111	$ -	$ 5,058,782	$ 12,142,379
Corporate contributions	749,947	3,705,238	-	4,455,185	5,244,241
Government contracts	625,535	-	-	625,535	363,964
Membership dues	496,949	-	-	496,949	359,423
Investment income (loss)	439,799	26,092	-	465,891	(672,490)
Foundation contributions	266,698	102,226	-	368,924	345,830
Chapter fees	364,477	-	-	364,477	-
Chapter insurance	319,261	-	-	319,261	290,428
Special events	94,206	97,000	-	191,206	426,040
Individual contributions	122,034	53,049	-	175,083	303,286
Annual national conference	109,532	-	-	109,532	86,695
Other income	45,014	-	-	45,014	18,857
United Way - CFC	15,869	-	-	15,869	14,529
Net gain on sale of land and building	-	-	-	-	2,031,608
Net assets released from restrictions:					
Satisfaction of program restrictions	3,768,515	(3,768,515)	-	-	-
TOTAL REVENUE AND SUPPORT	12,476,507	215,201	-	12,691,708	20,954,790
EXPENSES AND LOSSES					
Program services	11,497,426	-	-	11,497,426	18,390,144
Support services:					
General and administrative	1,045,127	-	-	1,045,127	609,617
Fundraising	992,427	-	-	992,427	533,770
TOTAL EXPENSES	13,534,980	-	-	13,534,980	19,533,531
CHANGE IN NET ASSETS	(1,058,473)	215,201	-	(843,272)	1,421,259
NET ASSETS, BEGINNING OF YEAR	5,255,874	6,426,870	901,714	12,584,458	11,163,199
NET ASSETS, END OF YEAR	$ 4,197,401	$ 6,642,071	$ 901,714	$ 11,741,186	$ 12,584,458

The accompanying notes are an integral part of these financial statements.

REBUILDING TOGETHER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2009
(With Summarized Financial Information for the Year Ended December 31, 2008)

	Program Services	General and Administrative	Fundraising	2009 Total	2008 Total
Donated facilities, services and materials	$ 4,903,520	$ 31,462	$ 123,800	$ 5,058,782	$ 12,142,379
Chapter grants	2,320,075	-	-	2,320,075	2,216,531
Salaries	1,133,855	561,349	343,695	2,038,899	1,891,191
Payroll taxes and benefits	302,813	163,187	59,036	525,036	387,842
Living allowance	519,900	-	-	519,900	119,323
Rent/moving expenses	283,160	122,530	75,021	480,711	296,000
Video and promotional	303,288	2,361	33,517	339,166	204,279
Consultants	229,045	15,108	63,444	307,597	279,278
Affiliate insurance	284,022	18,030	-	302,052	288,152
Travel	212,786	8,375	37,446	258,607	349,799
Special events	123,894	856	86,549	211,299	134,026
Rehabilitation projects	159,133	41	25	159,199	287,655
Meetings and seminars	135,107	5,806	5,639	146,552	107,508
National conference	140,308	-	-	140,308	85,068
Bookkeeping and audit	65,655	29,595	18,120	113,370	56,782
Office equipment and maintenance	66,804	25,924	17,537	110,265	115,433
Depreciation and amortization	54,403	26,934	16,491	97,828	72,748
Miscellaneous	66,984	11,513	9,016	87,513	49,412
Bad debt	-	1,459	61,500	62,959	38,175
Telephone	45,626	2,218	7,832	55,676	56,641
Brochures, manuals and newsletters	43,970	6,079	904	50,953	65,022
Web/database development	30,870	4,328	6,387	41,585	55,380
Office supplies	19,683	2,328	3,909	25,920	18,200
Postage and delivery	20,701	696	4,096	25,493	41,677
Printing and stationery	17,112	1,437	6,362	24,911	33,828
Insurance and legal	12,479	2,904	3,018	18,401	96,427
Direct mail	1,208	100	8,772	10,080	4,656
Interest expense	1,025	507	311	1,843	2,389
Building operations and maintenance	-	-	-	-	37,730
TOTAL EXPENSES	$ 11,497,426	$ 1,045,127	$ 992,427	$ 13,534,980	$ 19,533,531

The accompanying notes are an integral part of these financial statements.

REBUILDING TOGETHER, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2009
(With Summarized Financial Information for the Year Ended December 31, 2008)
Increase (Decrease) in Cash and Cash Equivalents

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (843,272)	$ 1,421,259
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net realized and unrealized losses (gains) on investments	(371,901)	920,675
Depreciation and amortization	97,828	72,748
Donated stock received	-	(5,417)
Gain on sale of land and building	-	(2,031,608)
Change in assets and liabilities:		
Accounts receivable	22,931	(168,672)
Pledges receivable	1,798,354	123,059
Prepaid expenses	(125,931)	(36,563)
Accounts payable and accrued expenses	(52,797)	(62,655)
Grants payable	(106,136)	(377,709)
Due to chapter	(357,322)	(63,378)
Deferred revenue	(94,286)	74,514
Deferred rent	88,885	-
Deferred insurance liability	40,105	29,024
Deferred compensation payable	(122,663)	41,901
NET CASH USED IN OPERATING ACTIVITIES	(26,205)	(62,822)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	1,451,100	2,252,596
Purchases of investments	(1,125,112)	(2,188,430)
Purchases of property and equipment	(61,169)	(258,819)
Proceeds from sales of land and building	-	2,542,505
NET CASH PROVIDED BY INVESTING ACTIVITIES	264,819	2,347,852
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligation	(7,615)	(7,031)
NET CASH USED IN FINANCING ACTIVITIES	(7,615)	(7,031)
NET INCREASE IN CASH AND CASH EQUIVALENTS	230,999	2,277,999
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,653,968	5,375,969
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 7,884,967	$ 7,653,968
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 1,843	$ 2,389
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES		
Donated stock received	$ -	$ 5,417

The accompanying notes are an integral part of these financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

Rebuilding Together, Inc. (the Organization) was incorporated in the District of Columbia on July 11, 1988, in order to provide an umbrella organization for the local chapters of the Organization. The Organization's core mission is the repair, renovation and modification of homes occupied by low-income owners. These repairs and modifications are primarily handled by a local chapter that recruits sponsors and volunteers to rehabilitate the homes of low-income homeowners, especially the elderly, veterans, the disabled and/or families with children.

The Organization gives national focus to *Rebuilding Together* and acts as a resource center and facilitator for start-up and established *Rebuilding Together* chapters. Although the role of the Organization with respect to chapters evolves to meet changing needs, its principal functions are (1) to increase the visibility and recognition of the *Rebuilding Together* brand, (2) to provide technical assistance to chapters, (3) to provide opportunities for training and professional development to chapters, and (4) to ensure the financial stability and future sustainability of the Organization. Presently, the Organization is actively engaged in the following areas: branding consistency, fundraising (through grants, national corporate sponsorships, and chapter support), national advocacy, arranging for insurance for chapters, new chapter support and training, establishing standards of excellence for chapters to provide consistency and quality of service delivery, and acting as an information clearinghouse and communication channel.

The Organization has 203 local chapters across the United States. Each local chapter is managed and governed autonomously and is its own legal entity. The Organization has no ownership or controlling interest in any of its local chapters. The combined revenue of the Organization and local chapters is approximately $52 million. Donations of materials and supplies and skilled and unskilled labor enabled the Organization and local chapters to deliver approximately $84 million in market value work across the country in 2009.

New Accounting Standard

During the year ended December 31, 2009, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *FASB Codification* (the Codification). The Codification is the single source of authoritative U.S. generally accepted accounting principles (GAAP). Accordingly, references to GAAP have been updated for the appropriate Codification reference.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Cash and Cash Equivalents

The Organization considers all checking and savings accounts and highly liquid investments purchased with an original maturity of three months or less to be cash and cash equivalents. Money market funds and other highly liquid investments, that are part of the endowment portfolio, or board-designated net assets, are considered long-term investments and are reported as investments in the accompanying statement of financial position.

Investments

Investments consist of money market funds, certificates of deposit, equity securities and government securities. Investments are recorded in the accompanying statement of financial position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in money market funds held for investing purposes and investments that are part of the endowment portfolio are classified as long-term investments.

Fair Value of Financial Instruments

The Organization adopted the provisions of the *Fair Value Measurements and Disclosures* topic of the FASB ASC for financial assets and liabilities measured on a recurring basis. The ASC defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. The ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement and, therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the ASC established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

The three levels of fair value hierarchy are described as follows:

Level 1—inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2—inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3—unobservable inputs for the asset or liability including the reporting entity's own assumptions in determining the fair value measurement.

Land Held for Sale

Land held for sale consists of property that was donated by an individual and is recorded at fair value. It is management's intention to sell the land when an appropriate offer is received and to use the proceeds to fund the Organization's programs.

Property and Equipment

Furniture and equipment are recorded at cost and depreciated over estimated useful lives of three to forty years using the straight-line method. Leasehold improvements are amortized using the straight-line method over the remaining term of the lease. Donated property and equipment are recorded at the estimated fair value on the date of donation. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. Upon retirement or disposal of property and equipment, the cost and accumulated depreciation or amortization are eliminated from the accounts and the resulting gain or loss is included in revenue or expense.

Classification of Net Assets

The net assets of the Organization are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of the Organization's operations. A portion of the unrestricted net assets have been designated by the Board of Directors for specific projects or purposes.
- Temporarily restricted net assets represent funds restricted by donors for various programs or periods.
- Permanently restricted net assets represent the funds in which the gift is to be held in perpetuity and that only the investment earnings be expended for the purposes designated by the donors.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. The Organization recognizes contributions restricted by the donor as an increase in unrestricted net assets if the restriction expires in the same reporting period in which the revenue is recognized.

Unrestricted contributions and grants are reported as revenue in the year in which payments are received and/or unconditional promises are made.

Revenue from membership dues and national conference registration fees are recorded as revenue in the year the membership dues apply and the conference is held.

The Organization has cost-reimbursable grants and contracts with U.S. government agencies. Revenue from these grants is recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses. Direct and indirect expenses incurred but not reimbursed under these grants are reported as accounts receivable in the accompanying statement of financial position. Payments received but not yet expended for the purpose of the grant are reflected as deferred revenue in the accompanying statement of financial position.

Donated Facilities, Services and Materials

In-kind contributions are recognized as revenue and expense in the accompanying statement of activities at their estimated fair value, as provided by the donor, at the date of receipt. In-kind contributions consist of donated public service announcements, advertising pages, contributed services, goods and facilities for the golf tournament auction, and donated products. In-kind contributions are received in support of the Organization's mission.

Grants to Chapters

The Organization advances grant funds to chapters that are conditional upon the availability of funds. These grants are recognized as expenses at the time the condition has been met and up to the amount that becomes unconditional. Unconditional amounts awarded but unpaid as of the end of the year are accrued as grants payable in the accompanying financial statements.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Functional Expenses

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Pledges Receivable

Pledges receivable represent unconditional promises to give and are recorded at net realizable value. As of December 31, 2009, the Organization's pledges receivable are as follows:

Due in less than one year	$ 1,183,848
Due in one to five years	138,000
Total pledges receivable	1,321,848
Less: Discount on multi-year pledges	(6,986)
Less: Allowance for doubtful accounts	(10,000)
Net pledges receivable	$ 1,304,862

The discount rate used in determining present value of multi-year pledges was 4.25%.

3. Investments

As of December 31, 2009, investments, at fair value, consisted of the following :

Equity securities	$ 2,037,848
Money market funds	349,280
Government securities	228,201
Certificates of deposit	104,591
Total investments	$ 2,719,920

3. Investments (continued)

A summary of investment income is as follows for the year ended December 31, 2009:

Interest and dividends	$	93,990
Net realized and unrealized gains		371,901
Total investment income	$	465,891

Included in investment income in the accompanying statement of activities is interest earned of $34,749 on cash and cash equivalents for the year ended December 31, 2009. Included in miscellaneous expenses in the accompanying statement of functional expenses are investment management fees of $27,138 for the year ended December 31, 2009.

4. Property and Equipment and Related Depreciation and Amortization

Property and equipment is as follows as of December 31, 2009:

Furniture and equipment	$	477,669
Leasehold improvements		79,913
Total property and equipment		557,582
Less: Accumulated depreciation and amortization		(198,732)
Property and equipment, net	$	358,850

Depreciation and amortization expense was $97,828 for the year ended December 31, 2009.

5. Deferred Compensation Plan

In 2003, the Organization established the Rebuilding Together Executive Deferred Compensation Plan (the Compensation Plan), effective January 1, 2001, for certain key employees. The Compensation Plan is intended to be an unfunded deferred compensation plan governed by Section 457(f) of the Internal Revenue Code. The Organization has established a Rabbi Trust to accumulate assets in order to meet obligations under the Compensation Plan. The Compensation Plan requires the Organization to make monthly contributions at a rate of 12% of each participant's monthly salary. Participants are fully vested at the earlier of the vesting date as defined for each participant in the agreement, which begins as of December 31, 2009, or the participant's termination or death. Total deferred compensation expense of $32,611 is included in payroll taxes and benefits in the accompanying statement of functional expenses for the year ended December 31, 2009.

Continued

6. Net Assets

Board-Designated Unrestricted Net Assets

The Board of Directors of the Organization has resolved to set aside certain amounts for expansion of the Organization's and local chapters' programs and for support of the insurance program. The Board of Directors has designated unrestricted net assets of $700,438, of which $370,895 is to remain invested intact and the interest is to be used to award grants to the Organization's local chapters and to support building operations and new program development. The insurance fund will permit the Organization to assume some of the risk in anticipation of higher deductibles for the insurance program.

Temporarily Restricted Net Assets

As of December 31, 2009, temporarily restricted net assets are available for housing projects and other purposes as stated below:

Veterans Housing	$ 4,550,073
General Mission/Rehabilitation	1,691,488
Green Housing	376,170
Gulf Coast Operations	24,340
Total temporarily restricted net assets	$ 6,642,071

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. For the year ended December 31, 2009, net assets released from restrictions were as follows:

Satisfaction of program restrictions:	
Veterans Housing	$ 2,296,335
General Mission/Rehabilitation	1,228,426
Green Housing	237,454
Endowment Spending	6,300
Total released from restrictions	$ 3,768,515

Continued

6. Net Assets (continued)

Permanently Restricted Net Assets

The permanently restricted net assets consist of the following as of December 31, 2009:

Spread the Spirit Fund	$ 228,547
Tagliabue Rebuild America Fund	215,159
Booz Allen & Hamilton Exemplary Management Fund	100,000
Simon/Affiliate Development Fund	60,789
Whitaker Fund	51,550
Nordberg Fellowship	50,200
Program Endowment	48,450
Predictable Excellence Fund	40,229
Unity of Purpose Fund	35,800
George Michael and Pat Lackman Building Endowment	28,500
Angel Fund	19,650
Lois Beers Fellowship	15,675
Carolyn L. Morgan Fund	5,165
Building Endowment	2,000
Total permanently restricted net assets	$ 901,714

7. Endowment Funds

Endowment Funds

The Organization's endowment consists primarily of individual donor-restricted funds established for a variety of purposes. In addition, there are funds internally designated by the Board and held in reserves to support future years' operations, to provide a resource for unexpected downturns and to support the Organization's affiliate network. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the District of Columbia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the

Continued

7. Endowment Funds (continued)

Interpretation of Relevant Law (continued)

permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

As of December 31, 2009, the Organization's endowment had the following net asset composition:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	$ -	$ 43,239	$ 901,714	$ 944,953
Board endowment	370,895	-	-	370,895
Total funds	$ 370,895	$ 43,239	$ 901,714	$ 1,315,848

7. Endowment Funds (continued)

Interpretation of Relevant Law (continued)

For the year ended December 31, 2009, the endowment funds had the following activity:

	Unrestricted					
	Board Endowment	Donor Restricted	Total	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 370,895	$ (34,959)	$ 335,936	$ 19,147	$ 901,714	$ 1,256,797
Investment return:						
Investment income, net of fees	2,847	-	2,847	6,363	-	9,210
Net appreciation (realized and unrealized)	22,561	34,959	57,520	19,729	-	77,249
Total investment return	25,408	34,959	60,367	26,092	-	86,459
Appropriated	(25,408)	-	(25,408)	(2,000)	-	(27,408)
Endowment net assets, end of year	$ 370,895	$ -	$ 370,895	$ 43,239	$ 901,714	$ 1,315,848

Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2009.

Investment Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to, net of spending, grow the endowment fund at the rate of inflation over a seven to ten year time horizon. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objections

To satisfy its long-term rate of return objectives, the investment strategy is to emphasize total return in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization's current asset allocation for board-designated and endowment funds targets a composition of 10% fixed income and 90% equities.

7. Endowment Funds (continued)

Spending Policy

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization allocates the investment income generated by the endowment funds each year based on the purpose of the endowment, which is based on the donor's request. On an annual basis during the budget process, the Board of Directors determines the distribution of the return on board-designated endowment funds and any transfer of funds from the operating budget of the Organization.

8. Fair Value Measurements

The following table summarizes the Organization's assets measured at fair value on a recurring basis as of December 31, 2009:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents:				
Money market funds	$ 3,824,584	$ 3,824,584	$ -	$ -
Investments:				
Equity securities	2,037,848	2,037,848	-	-
Government securities	228,201	-	228,201	-
Money market funds	349,280	349,280	-	-
Certificates of deposit	104,591	-	104,591	-
	2,719,920	2,387,128	332,792	-
Land held for resale	344,000	-	-	344,000
Total fair value of assets	$ 6,888,504	$ 6,211,712	$ 332,792	$ 344,000

The Organization used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Money market funds and equity securities—these are traded on a major exchange. Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy.

8. Fair Value Measurements (continued)

Government securities and certificates of deposit—consist of securities with fixed maturities that generally do not trade on a daily basis and are based on observable market information, rather than market quotes. Accordingly, the estimates of fair value for such fixed maturity investments, as provided by the pricing service, are included in the amount disclosed in Level 2 of the hierarchy.

Land held for resale—consists of property that was donated by an individual that is valued based on an appraisal of fair value at the date of the donation in December 2005, and includes unobservable inputs, since the land is rarely traded. The inputs into the determination of fair value are based upon the best information in the circumstance and may require significant management judgment.

A roll forward of the fair value measurements using unobservable inputs (Level 3) were as follows as of December 31, 2009:

Fair value, January 1, 2009:	$ 344,000
Change in value	-
Fair value, December 31, 2009	$ 344,000

9. Donated Facilities, Services and Materials

The Organization records all donated facilities, services and materials at the fair value at the date of donation. The value of the donated facilities, services and materials included in the accompanying statements of activities and functional expenses are as follows for the year ended December 31, 2009:

Publicity and advertising	$ 4,835,465
Golf Tournament Auction goods and facilities	90,199
Contributed services:	
Computer and other professional consulting	133,118
Total donated facilities, services and materials revenue	$ 5,058,782

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in raising funds and managing the oversight of chapters' rehabilitation of houses of low-income, elderly and disabled homeowners. Management estimates the fair value of these contributed services to be approximately $18,843.

10. Commitments and Risks

Office Leases

The Organization leases office space and storage space under a noncancelable operating lease that expires November 30, 2018. Under the terms of the lease, the base rent increases annually on an incremental basis. The lease provides for lease abatement equivalent to 50% of the first and second monthly fixed rent payments following the commencement date, totaling $35,623. Under GAAP, all rental payments, including fixed rent increases, are recognized on a straight line based over the term of the lease. Lease incentives are amortized over the life of the lease on a straight-line basis over the term of the lease as an offset to rent expense. The difference between the GAAP rent expense and the required lease payments is reflected as deferred rent and lease incentives in the accompanying statements of financial position. In addition to the base rent, the Organization pays for its proportionate share of real estate taxes and certain other operating costs. Rent expense was $480,711 for the year ended December 31, 2009.

As of December 31, 2009, total future minimum lease payments under this lease are as follows:

For the Years Ending December 31,	
2010	$ 439,179
2011	450,141
2012	461,401
2013	473,803
2014	494,970
Thereafter	2,059,961
Total	$ 4,379,455

Capital Lease

On November 14, 2006, the Organization entered into an agreement to lease office equipment. Under the lease agreement, payments are due each month, beginning on November 14, 2006, through maturity on November 14, 2011. As of December 31, 2009, the cost of the equipment capitalized and the related accumulated amortization amounted to $40,275 and $25,508, respectively.

Continued

10. Commitments and Risks

Capital Lease (continued)

Future minimum lease payments under this capital lease are as follows:

For the Years Ending December 31,		
2010	$	9,420
2011		10,596
Subtotal		20,016
Less: Amount representing interest		(1,630)
Present value of net minimum lease payments		18,386
Less: Current portion		(8,247)
Long-term portion	$	10,139

Concentration of Credit Risk

The Organization's cash and cash equivalents are held at various financial institutions. Although the amount at a given bank, at times, exceeds the amount guaranteed by the Federal Deposit Insurance Corporation (FDIC) and, therefore, bears some risk, the Organization has not experienced, nor anticipates, any losses its funds. The Organization elected to participate in the FDIC's Transaction Liquidity Guarantee Program (TLGP), which provides unlimited FDIC guarantee on noninterest-bearing accounts until December 31, 2009. There were no amounts in excess of the FDIC insured limit at December 31, 2009.

OMB Circular A-133 Audit

The Organization has instructed its independent auditors to audit its applicable federal programs for the year ended December 31, 2009, in compliance with Circular A-133 issued by the U.S. Office of Management and Budget (OMB). Until such audit is reviewed and accepted by the contracting or granting agencies, there exists a contingent liability to refund any amounts received in excess of allowable costs. Management believes that any matters arising from the reviews by the federal or pass-through agencies of the independent auditor's reports for calendar year 2009 will not have a material effect on the Organization's financial position as of December 31, 2009, or its results of operations for the year then ended.

Continued

11. Chapter Insurance

The Organization provides an administrative service on behalf of its local chapters by processing the individual chapters' general liability/volunteer insurance applications. The individual chapters are invoiced for their insurance premiums by the Organization and the local chapters pay the Organization their insurance policy premiums plus an administrative fee. Insurance revenue is recorded when the Organization receives payment from the local chapters. The chapter insurance expense is recorded when the Organization pays the quarterly insurance bills to the appropriate vendors. For the year ended December 31, 2009, chapter insurance revenues and expenses totaled $319,261 (of which $17,208 represents administrative processing revenue) and $302,052, respectively.

12. Chapter Pass-Through

The Organization receives certain contributions on behalf of its local chapters that are designated for specified local chapters by donors. The total contributions received on behalf of its local chapters totaled $3,026,564 for the year ended December 31, 2009. The Organization does not have the variance power to redirect these funds to other grantees. Accordingly, these contributions are recorded as assets and liabilities in the accompanying financial statements. As of December 31, 2009, unpaid balances of $468,191 are reflected as due to chapters in the accompanying statement of financial position.

13. Retirement Plan

The Organization's employees are eligible to participate in the Rebuilding Together, Inc. Defined Contribution Employee Pension Plan (the Plan). Employees can make voluntary tax-deferred contributions within specified limits. Effective April 6, 2009, the Organization's contributions were decreased from 5% to 3% of each participant's salary. The Plan was established under the provisions of Internal Revenue Code Section 403(b). The Organization's contribution to the Plan was $67,502 for the year ended December 31, 2009, which is included in payroll taxes and benefits on the accompanying statement of functional expenses.

14. Income Taxes

The Organization is exempt from the payment of income taxes on its exempt activities under the provisions of Section 501(c)(3) of the Internal Revenue Code. It is subject to tax only on its net unrelated business income. For the year ended December 31, 2009, no provision for income taxes is required, as the Organization had no significant net unrelated business income.

Continued

14. Income Taxes (continued)

Effective January 1, 2009, the Organization adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic *Income Taxes.* These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2009, and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status. For the year ended December 31, 2009, the statute of limitations for tax years 2006 through 2008 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns.

15. Summarized Financial Information

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 Organization's financial statements for the year ended December 31, 2008, from which the summarized information was prepared.

16. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 13, 2010, the date the financial statements were available to be issued.