Financial Statements

For the Year Ended December 31, 2010
(With Summarized Financial Information for the Year Ended December 31, 2009)

and
Report Thereon

INDEPENDENT AUDITOR'S REPORT

RAFFA

CONSULTING
ACCOUNTING
TECHNOLOGY

Certified Public Accountants

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, 2010, 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, 2009 financial statements and, in our report dated September 13, 2010, 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, 2010, 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 29, 2011

REBUILDING TOGETHER, INC.

STATEMENT OF FINANCIAL POSITION
December 31, 2010
(With Summarized Financial Information as of December 31, 2009)

	2010	2009
ASSETS		
Current Assets		
Cash and cash equivalents	$ 5,478,662	$ 7,884,967
Accounts receivable	444,070	268,853
Pledges receivable, net current portion	1,832,030	1,166,862
Prepaid expenses	131,147	162,494
Land held for sale	230,133	344,000
Total Current Assets	8,116,042	9,827,176
Investments	3,050,407	2,719,920
Long-term pledges receivable, net	6,652,243	138,000
Property and equipment, net	277,327	358,850
TOTAL ASSETS	$ 18,096,019	$ 13,043,946
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 246,679	$ 274,208
Capital lease obligations, current portion	10,139	8,247
Grants payable	199,556	13,500
Due to chapters	861,678	468,191
Deferred revenue	9,086	46,014
Deferred insurance liability	200,568	179,543
Total Current Liabilities	1,527,706	989,703
Deferred rent	131,406	88,885
Long-term capital lease obligations, net of current portion	-	10,139
Long-term deferred compensation payable	239,160	214,033
TOTAL LIABILITIES	1,898,272	1,302,760
Net Assets		
Unrestricted		
Undesignated	1,850,043	3,496,963
Board designated		
Reserves	354,443	329,543
Quasi-endowment	370,895	370,895
Total Unrestricted Net Assets	2,575,381	4,197,401
Temporarily restricted	12,720,652	6,642,071
Permanently restricted	901,714	901,714
Total Net Assets	16,197,747	11,741,186
TOTAL LIABILITIES AND NET ASSETS	$ 18,096,019	$ 13,043,946

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

REBUILDING TOGETHER, INC.

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010
(With Summarized Financial Information for the Year Ended December 31, 2009)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total	2009 Total
REVENUE AND SUPPORT					
Donated facilities, services and materials	$ 3,461,835	$ 6,951,403	$ -	$ 10,413,238	$ 5,058,782
Corporate contributions	892,286	4,604,128	-	5,496,414	4,455,185
Government contracts	1,185,069	-	-	1,185,069	625,535
Membership dues	603,220	-	-	603,220	496,949
Foundation contributions	92,305	480,354	-	572,659	368,924
Chapter fees	394,523	-	-	394,523	364,477
Investment income	334,652	51,817	-	386,469	465,891
Chapter insurance	311,094	-	-	311,094	319,261
Individual contributions	149,781	65,492	-	215,273	175,083
National conference	126,234	-	-	126,234	109,532
Other income	45,622	-	-	45,622	60,883
Special events	42,406	-	-	42,406	191,206
Net assets released from restrictions:					
Satisfaction of program restrictions	6,074,613	(6,074,613)	-	-	-
TOTAL REVENUE AND SUPPORT	13,713,640	6,078,581	-	19,792,221	12,691,708
EXPENSES					
Program services	13,645,766	-	-	13,645,766	11,497,426
Supporting services:					
General and administrative	941,059	-	-	941,059	1,045,127
Fundraising	748,835	-	-	748,835	992,427
TOTAL EXPENSES	15,335,660	-	-	15,335,660	13,534,980
CHANGE IN NET ASSETS	(1,622,020)	6,078,581	-	4,456,561	(843,272)
NET ASSETS, BEGINNING OF YEAR	4,197,401	6,642,071	901,714	11,741,186	12,584,458
NET ASSETS, END OF YEAR	$ 2,575,381	$ 12,720,652	$ 901,714	$ 16,197,747	$ 11,741,186

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

REBUILDING TOGETHER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2010

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

	Program Services	General and Administrative	Fundraising	2010 Total	2009 Total
Affiliate grants	$ 3,844,344	$ 1,112	$ 71,942	$ 3,917,398	$ 2,320,075
Donated facilities, services and materials	3,442,702	29,590	370	3,472,662	5,058,782
Salaries	1,507,496	525,263	366,331	2,399,090	2,038,899
Living allowance	607,599	-	-	607,599	519,900
Travel	569,812	10,730	23,738	604,280	258,607
Payroll taxes and benefits	469,315	42,558	72,237	584,110	525,036
Video and promotional	538,982	177	16,824	555,983	339,166
Consultants	438,722	7,598	75,886	522,206	307,597
Rent	381,774	71,489	28,439	481,702	480,711
Special events	365,555	-	-	365,555	211,299
Chapter insurance	269,554	-	-	269,554	302,052
Meetings and seminars	228,994	1,837	3,908	234,739	146,552
National conference	170,829	265	5,782	176,876	140,308
Bookkeeping and audit	96,461	71,111	6,920	174,492	113,370
Bad debt	43,560	113,867	-	157,427	62,959
Office equipment and maintenance	104,290	16,769	9,169	130,228	110,265
Miscellaneous	81,310	12,235	18,804	112,349	87,513
Rehabilitation projects	111,890	-	-	111,890	159,199
Depreciation and amortization	82,207	15,640	6,222	104,069	97,828
Web/database development	78,211	1,912	2,072	82,195	41,585
Telephone	64,497	2,986	8,136	75,619	55,676
Brochures, manuals and newsletters	35,821	-	10,679	46,500	50,953
Insurance and legal	26,749	12,598	2,340	41,687	18,401
Postage and delivery	26,826	410	6,047	33,283	25,493
Printing and stationary	28,142	241	3,416	31,799	24,911
Office supplies	28,518	1,454	1,232	31,204	25,920
Direct mail	-	-	8,341	8,341	10,080
Interest expense	1,606	1,217	-	2,823	1,843
TOTAL EXPENSES	$ 13,645,766	$ 941,059	$ 748,835	$ 15,335,660	$ 13,534,980

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

REBUILDING TOGETHER, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2010
(With Summarized Financial Information for the Year Ended December 31, 2009)
Increase (Decrease) in Cash and Cash Equivalents

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 4,456,561	$ (843,272)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Provision for present value of pledges	66,027	6,986
Provision for doubtful accounts	10,000	-
Depreciation and amortization	104,069	97,828
Net unrealized gains on investments	(257,797)	(492,885)
Net realized losses (gains) on investments	(56,131)	120,984
Impairment loss on land held for sale	113,867	-
Change in assets and liabilities:		
Accounts receivable	(175,217)	22,931
Pledges receivable	(7,255,438)	1,791,368
Prepaid expenses	31,347	(125,931)
Accounts payable and accrued expenses	(27,529)	(52,797)
Grants payable	186,056	(106,136)
Due to chapters	393,487	(357,322)
Deferred revenue	(36,928)	(94,286)
Deferred insurance liability	21,025	40,105
Deferred rent	42,521	88,885
Deferred compensation payable	25,127	(122,663)
NET CASH USED IN OPERATING ACTIVITIES	(2,358,953)	(26,205)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	1,489,064	1,451,100
Purchases of investments	(1,505,623)	(1,125,112)
Purchases of property and equipment	(22,546)	(61,169)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(39,105)	264,819
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligation	(8,247)	(7,615)
NET CASH USED IN FINANCING ACTIVITIES	(8,247)	(7,615)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,406,305)	230,999
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,884,967	7,653,968
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,478,662	$ 7,884,967
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 1,504	$ 1,843

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 (a) to increase the visibility and recognition of the Rebuilding Together brand, (b) to provide technical assistance to chapters, (c) to provide opportunities for training and professional development to chapters, and (d) 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 192 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 $50,000,000. Donations of materials and supplies and skilled and unskilled labor enabled the Organization and local chapters to deliver approximately $100,000,000 in market value work across the country in 2010.

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 are board-designated net assets are considered long-term investments and are reported as investments in the accompanying statement of financial position.

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

Investments

Investments consist of money market funds, certificates of deposit, equity and debt securities and exchange-traded funds. 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 Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) for financial assets and liabilities measured at fair value 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, or unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances.

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.

During the year ended December 31, 2010, the Organization adopted FASB Accounting Standards Update (ASU) 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*.

Continued

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

Fair Value of Financial Instruments (continued)

The Organization's assets and liabilities measured at fair value on a recurring basis are presented in accordance with FASB ASC Topic *Fair Value Measurements and Disclosures* in Note 8.

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 40 years using the straight-line method. Leasehold improvements are amortized using the straight-line method over the shorter of the remaining term of the lease or useful life of the improvement. Donated property and equipment are recorded at their 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 the 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 has 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 only the investment earnings may 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 and support in the year in which payments are received and/or unconditional promises are made.

Membership dues and national conference registration fees are recorded as revenue and support 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 yet 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 support 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 awards grants to the chapters. These grants are conditional upon the availability of funds. Grants to chapters are recognized as expenses when the funds become available and the conditions have been met. Unconditional amounts awarded but unpaid as of the end of the year are recorded 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 (GAAP) 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 their net realizable value. As of December 31, 2010, the Organization's pledges receivable are as follows:

Due in less than one year	$ 1,832,030
Due in one to five years	6,735,256
Total Pledges Receivable	8,567,286
Less: Discount on Multiyear Pledges	(73,013)
Less: Allowance for Doubtful Accounts	(10,000)
Pledges Receivable, Net	$ 8,484,273

As of December 31, 2010, pledges receivable are shown at the present value of estimated future cash flows using discount rate rates that range from 0.34% to 4.25%. The discount on pledges has been computed using estimates based on available data for risk-free interest rates and the discounted prime rate adjusted for premium risk for the years in which outstanding pledges were received.

Continued

3. Investments

As of December 31, 2010, investments, at fair value, consisted of the following:

Equity securities	$ 1,957,829
Exchange-traded funds	395,248
Money market funds	349,190
Debt securities	240,152
Certificates of deposit	107,988
Total Investments	$ 3,050,407

A summary of investment income is as follows for the year ended December 31, 2010:

Net unrealized gains	$ 257,797
Net realized gains	56,131
Interest and dividends	72,541
Total Investment Income	$ 386,469

Included in investment income in the accompanying statement of activities is interest earned of $16,400 on cash and cash equivalents for the year ended December 31, 2010. Included in miscellaneous expenses in the accompanying statement of functional expenses are investment management fees of $32,491 for the year ended December 31, 2010.

4. Property and Equipment and Related Depreciation and Amortization

Property and equipment consisted of the following as of December 31, 2010:

Furniture and equipment	$ 500,216
Leasehold improvements	79,913
Total Property and Equipment	580,129
Less: Accumulated Depreciation and Amortization	(302,802)
Property and Equipment, Net	$ 277,327

Depreciation and amortization expense totaled $104,069 for the year ended December 31, 2010.

Continued

5. Deferred Compensation Plan

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 began on December 31, 2009, or the participant's termination or death. Total deferred compensation expense of $25,127 is included in payroll taxes and benefits in the accompanying statement of functional expenses for the year ended December 31, 2010.

6. Net Assets

Board-Designated Unrestricted Net Assets

The Board of Directors of the Organization has resolved to set aside certain amounts for the 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 $725,338, 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, 2010, temporarily restricted net assets were available for housing projects and other purposes, as stated below:

Time restricted – Change the World Start at Home	$ 6,940,576
Veterans' housing	3,505,403
General mission/rehabilitation	2,012,035
Green housing	217,361
Gulf Coast operations	45,277
Total Temporarily Restricted Net Assets	$ 12,720,652

6. Net Assets (continued)

Temporarily Restricted Net Assets (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. For the year ended December 31, 2010, net assets released from restrictions were as follows:

Satisfaction of program restrictions:	
Veterans' housing	$ 4,055,345
General mission/rehabilitation	1,314,032
Gulf Coast operations	368,014
Green housing	308,809
Safe at Home	19,723
Endowment spending	8,690
Total Released from Restrictions	$ 6,074,613

Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following as of December 31, 2010:

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

Continued

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 that are internally designated by the Board and held in reserve to support future years' operations, to provide a resource for unexpected downturns and to support the Organization's affiliate network. As required by GAAP, 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 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.

Continued

7. Endowment Funds (continued)

Interpretation of Relevant Law (continued)

As of December 31, 2010, the Organization's endowment had the following net asset composition:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	$ -	$ 86,366	$ 901,714	$ 988,080
Board-designated quasi-endowment	370,895	-	-	370,895
Total Funds	$ 370,895	$ 86,366	$ 901,714	$ 1,358,975

For the year ended December 31, 2010, the endowment funds had the following activity:

	Board-Designated Quasi-Endowment	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 370,895	$ 43,239	$ 901,714	$ 1,315,848
Investment return:				
Investment income, net of fees	1,428	3,471	-	4,899
Net appreciation (realized and unrealized)	18,080	43,956	-	62,036
Total investment return	19,508	47,427	-	66,935
Appropriated	(19,508)	(4,300)	-	(23,808)
Endowment net assets, end of year	$ 370,895	$ 86,366	$ 901,714	$ 1,358,975

7. Endowment Funds (continued)

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, 2010.

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, net of spending, to grow the endowment fund at the rate of inflation over a seven- to ten-year 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 emphasizes 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.

Spending Policy

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 donors' requests. 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.

Continued

8. Fair Value Measurements

The following table summarizes the Organization's assets measured at fair value on a recurring basis as of December 31, 2010:

	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)
Assets:				
Investments:				
Equity securities:				
Information technology	$ 376,697	$ 376,697	$ -	$ -
Financial	257,878	257,878	-	-
Health care	235,755	235,755	-	-
Consumer discretionary	227,634	227,634	-	-
Industrials	214,643	214,643	-	-
Energy	213,329	213,329	-	-
Other	431,893	431,893	-	-
Total Equity Securities	1,957,829	1,957,829	-	-
Exchange-traded funds:				
Fixed income	205,967	205,967	-	-
Natural resources	95,595	95,595	-	-
Real estate	93,686	93,686	-	-
Total Exchange-Traded Funds	395,248	395,248	-	-
Money market funds	349,190	349,190	-	-
Debt securities:				
U.S. Treasury securities	62,375	-	62,375	-
Residential mortgaged backed	176,762	-	176,762	-
Others	1,015	-	1,015	-
Total Debt Securities	240,152	-	240,152	-
Certificates of deposit	107,988	-	107,988	-
Total Investments	3,050,407	2,702,267	348,140	-
Land held for sale	230,133	-	-	230,133
Total Assets at Fair Value	$ 3,280,540	$ 2,702,267	$ 348,140	$ 230,133

Continued

8. Fair Value Measurements (continued)

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

Money market funds, equity securities and exchange-traded funds – 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.

Debt 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 (market valuation approach).

Land held for sale – Consists of property that was donated by an individual in December 2005. The land is valued based on an assessment by a local government, less the estimated cost to sell the property. The amount includes unobservable inputs. Inputs into the determination of fair value are based upon the best information in the circumstances and may require significant judgment by management.

A roll forward of the fair value measurements using unobservable inputs (Level 3) is as follows as of December 31, 2010:

Fair value, January 1, 2010	$ 344,000
Change in value	(113,867)
Fair value, December 31, 2010	$ 230,133

The change in value represents an unrealized loss that is included in general and administrative expenses in the accompanying statement of activities.

9. Donated Facilities, Services and Materials

The Organization records all donated facilities, services and materials at their 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, 2010:

Publicity and advertising	$ 3,417,135
Contributed professional services	55,527
Total Donated Facilities, Services and Materials	$ 3,472,662

Continued

10. Commitments and Risks

Office Lease

The Organization leases office 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 a 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 and rented abatements, are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments is reflected as deferred rent in the accompanying statement 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 totaled $481,702 for the year ended December 31, 2010.

As of December 31, 2010, future minimum lease payments under this lease are as follows:

For the Year Ending December 31,	
2011	$ 450,141
2012	461,401
2013	473,803
2014	494,970
2015	507,315
Thereafter	1,552,646
Total	$ 3,940,276

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, through November 14, 2011. As of December 31, 2010, the cost of the capitalized equipment and the related accumulated amortization amounted to $40,275 and $33,563, respectively. Future minimum lease payments under this capital lease totaled $10,139 as of December 31, 2010.

Concentration of Credit Risk

The Organization maintains its cash and cash equivalents with certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of $250,000 per depositor per institution. As of December 31, 2010, the Organization had $2,550,339 composed of demand deposits (excluding noninterest-bearing transaction accounts, which are fully insured regardless of their balance),

Continued

10. Commitments and Risks (continued)

Concentration of Credit Risk (continued)

savings and money market accounts, and certificates of deposit, which exceeded the maximum limit insured by the FDIC by $2,300,339. The Organization monitors the creditworthiness of these institutions and has not experienced nor does it anticipate any credit losses on its cash and cash equivalents.

Office of Management and Budget Circular A-133 Audit

The Organization has instructed its independent auditors to audit its applicable federal programs for the year ended December 31, 2010, 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 2010 will not have a material effect on the Organization's financial position as of December 31, 2010, or its results of operations for the year then ended.

11. Chapter Insurance

The Organization provides an administrative service on behalf of its local chapters by processing the individual chapter's 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 and 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, 2010, chapter insurance revenues and expenses totaled $311,094 (of which $41,540 represents administrative processing revenue) and $269,554, respectively.

12. Chapter Pass-Through

The Organization receives certain contributions on behalf of its local chapters. These contributions are designated by donors for specified local chapters. The total contributions received on behalf of the local chapters totaled $2,853,622 for the year ended December 31, 2010. The Organization does not have the variance power to redirect these funds to other grantees. Accordingly, the Organization's contributions are recorded as assets and liabilities in the accompanying financial statements. As of December 31, 2010, $861,678 is reflected as due to chapters in the accompanying statement of financial position, representing amounts not yet remitted to the chapters.

Continued

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 $110,501 for the year ended December 31, 2010, 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. The Organization is subject to tax only on its net unrelated business income. For the year ended December 31, 2010, no provision for income taxes was required, as the Organization had no significant net unrelated business income.

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, 2010, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2010, the statute of limitations for tax years 2007 through 2009 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2010, the Organization had no accrual for interest and/or penalties.

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, 2009, from which the summarized information was prepared.

Continued

16. Reclassification

Certain 2009 amounts have been reclassified to conform to the 2010 presentation.

17. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 29, 2011, the date the financial statements were available to be issued. There were no subsequent events identified through September 29, 2011, required to be disclosed in the financial statements.