



***BUILDING HOMES FOR HEROES, INC.***

***FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010***

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FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
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## INDEPENDENT AUDITORS' REPORT



To the Board of Directors of  
Building Homes for Heroes, Inc.  
65 Roosevelt Avenue, Suite 105  
Valley Stream, NY 11581

We have audited the accompanying statements of financial position of Building Homes for Heroes, Inc. (a not-for-profit corporation, "BHH") as of December 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of BHH's management. 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 the audits 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 BHH'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 audits provide 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 BHH as of December 31, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Cerini & Associates LLP*

April 23, 2012  
Bohemia, New York

**BUILDING HOMES FOR HEROES, INC.**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31,**

**2011**

**2010**

**ASSETS**

**Current Assets:**

Cash and cash equivalents.....	\$ 690,458	\$ 368,333
Contributions receivable.....	20,000	81,204
Prepaid expenses.....	-	250

**TOTAL ASSETS** \$ 710,458 \$ 449,787

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts payable and accrued expenses.....	\$ 294,271	\$ 54,196
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**TOTAL CURRENT LIABILITIES** 294,271 54,196

Commitments and contingencies (Note 2)

**Net Assets:**

Unrestricted.....	<u>416,187</u>	<u>395,591</u>
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**TOTAL LIABILITIES AND NET ASSETS** \$ 710,458 \$ 449,787

**BUILDING HOMES FOR HEROES, INC.**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED DECEMBER 31,**

**2011**

**2010**

**SUPPORT AND REVENUE :**

Contributions.....	\$ 1,678,699	\$ 975,107
Gross proceeds from fundraising events.....	332,636	249,358
Less: direct expenses .....	<u>(134,333)</u>	<u>(133,542)</u>
Net proceeds from fundraising events.....	198,303	115,816
Interest income.....	<u>211</u>	<u>348</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,877,213</b>	<b>1,091,271</b>

**EXPENSES:**

Program services.....	1,745,210	627,933
Management and general.....	71,448	43,235
Fundraising.....	<u>39,959</u>	<u>52,145</u>
<b>TOTAL EXPENSES</b>	<b><u>1,856,617</u></b>	<b><u>723,313</u></b>
Change in unrestricted net assets.....	20,596	367,958
Net assets, beginning of year.....	<u>395,591</u>	<u>27,633</u>
Net assets, end of year.....	<u><u>\$ 416,187</u></u>	<u><u>\$ 395,591</u></u>

**BUILDING HOMES FOR HEROES, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries.....	\$ 124,616	\$ 29,908	\$ 11,631	\$ 166,155
Payroll taxes and fringe benefits.....	26,941	6,466	2,515	35,922
Soldier construction expenses.....	1,355,634	-	-	1,355,634
Advertising.....	36,453	-	3,220	39,673
Insurance.....	4,547	1,091	674	6,312
Occupancy.....	6,922	1,661	646	9,229
Supplies.....	12,072	2,897	1,149	16,118
Minor equipment.....	4,028	967	376	5,371
Repairs and maintenance.....	-	-	-	-
Travel and transportation.....	54,008	-	11,535	65,543
Professional fees.....	68,828	26,410	7,168	102,406
Postage and shipping.....	3,027	726	282	4,035
Event expenses.....	-	-	247	247
Trade shows and conferences.....	33,378	-	-	33,378
Processing fees.....	9,233	-	-	9,233
Meals and entertainment.....	3,542	850	331	4,723
Miscellaneous.....	1,981	472	185	2,638
	<u>\$ 1,745,210</u>	<u>\$ 71,448</u>	<u>\$ 39,959</u>	<u>\$ 1,856,617</u>

**BUILDING HOMES FOR HEROES, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries.....	\$ 100,500	\$ 24,120	\$ 9,380	\$ 134,000
Payroll taxes and fringe benefits.....	23,852	5,725	2,226	31,803
Soldier construction expenses.....	394,596	-	-	394,596
Advertising.....	9,734	-	5,863	15,597
Insurance.....	-	-	235	235
Occupancy.....	5,405	1,297	504	7,206
Supplies.....	13,899	3,335	1,344	18,578
Minor equipment.....	-	-	-	-
Repairs and maintenance.....	-	-	-	-
Travel and transportation.....	31,286	-	13,541	44,827
Professional fees.....	29,394	7,053	2,743	39,190
Postage and shipping.....	3,838	921	503	5,262
Event expenses.....	-	-	13,497	13,497
Trade shows and conferences.....	2,489	-	-	2,489
Processing fees.....	9,674	-	-	9,674
Meals and entertainment.....	1,511	363	2,145	4,019
Miscellaneous.....	1,755	421	164	2,340
	<u>\$ 627,933</u>	<u>\$ 43,235</u>	<u>\$ 52,145</u>	<u>\$ 723,313</u>

**BUILDING HOMES FOR HEROES, INC.**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31,**

**2011**

**2010**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in unrestricted net assets.....	\$ 20,596	\$ 367,958
<u>Change in operating assets and liabilities:</u>		
Contributions receivable.....	61,204	(81,204)
Prepaid expenses.....	250	13,702
Accounts payable and accrued expenses.....	<u>240,075</u>	<u>(19,019)</u>
Net increase in cash and cash equivalents.....	322,125	281,437
Cash and cash equivalents, beginning of year.....	<u>368,333</u>	<u>86,896</u>
Cash and cash equivalents, end of year.....	<u>\$ 690,458</u>	<u>\$ 368,333</u>



## *BUILDING HOMES FOR HEROES, INC.*

### *NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010*

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### Organization:

The Organization, founded in 2006, is an organization that is committed to support severely wounded and disabled veterans and their families, with a goal to build homes for families in dire need. The Organization believes that it is its responsibility to support those who have been called upon to make the ultimate personal sacrifice, to protect and safeguard our country by fighting America's War on Terror.

##### Income Tax Status:

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

The Organization has adopted the recognition requirements for uncertain tax positions as required by accounting principles generally accepted in the United States of America, with no cumulative effect adjustment required. Tax benefits are recognized for tax positions taken or expected to be taken in a tax and information return, only when it is determined that the tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations, or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain tax positions at December 31, 2011.

Tax returns for the years ended December 31, 2008, 2009, 2010, and 2011 are open for examination by federal, state, and local authorities. The Organization has determined that it has registered in all states where it is required to be registered.

##### Basis of Accounting:

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

## ***BUILDING HOMES FOR HEROES, INC.***

### ***NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### *Cash and Cash Equivalents:*

For purposes of the statements of cash flows, cash equivalents represent demand deposits and short-term money market funds with financial institutions. Money market funds held in brokerage accounts are considered to be a component of cash equivalents, as they have a maturity of three months or less.

##### *Financial Statement Presentation:*

The Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted - Net assets subject to donor-imposed stipulations that may or will be met, either by action of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted - Net assets subject to donor-imposed stipulations, the principal of which must be maintained in perpetuity by the Organization. Generally, the donors of these assets would permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

As of both years ended December 31, 2011 and 2010, the Organization did not have any restricted net assets.

##### *Contributions:*

The Organization receives substantially all of its revenue from contributions from direct public support. All contributions are recognized as revenue when the amounts are pledged. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

##### *Use of Estimates:*

The presentation 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

# ***BUILDING HOMES FOR HEROES, INC.***

## ***NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010***

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### ***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***

#### ***Functional Allocation of Expenses:***

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

#### ***Advertising Costs:***

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred.

#### ***Donated Services:***

The Organization benefits from contributed materials attributable to special events and programs. Various noncash contributions are recorded at their estimated fair values at the dates of donation. For the years ended December 31, 2011 and 2010, the Organization received contributed materials and labor with an estimated fair value of \$669,149 and \$154,549, respectively, which are reflected as contributions in the statements of activities and soldier construction expense in the statements of functional expenses. The Organization also benefited from donated rent at an estimated value of \$4,000 for the years ended December 31, 2011 and 2010. The donated rent is reflected as contributions in the statements of activities and occupancy in the accompanying statements of functional expenses.

In addition, the Organization receives contributed services of volunteers that do not meet the criteria for recognition. Accordingly, the value of these contributed services has not been reflected in the accompanying financial statements.

#### ***Concentrations of Credit Risk and Support:***

From time to time the Organization has cash and cash equivalents on deposit with financial institutions that are in excess of Federal Deposit Insurance Corporation ("FDIC") limits. At December 31, 2011 and 2010, the Organization was not in excess of the FDIC limits.

#### ***Reclassifications:***

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

#### ***Events Occurring After the Report Date:***

The Organization has evaluated events and transactions that occurred between January 1, 2011 and April 23, 2012, which is the date of the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

### ***NOTE 2 - LITIGATION***

From time to time BHH is involved in claims and/or actions in the ordinary course of business. Management does not believe that any of these claims would have a material adverse effect on the BHH's financial position, results of operations, or liquidity.