

**ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC.  
AND SUBSIDIARY, D/B/A ReSOURCE**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2010**

**JMM & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS**

**ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC.  
AND SUBSIDIARY, D/B/A ReSOURCE**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

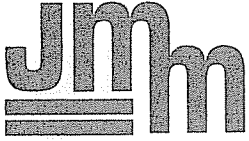
**DECEMBER 31, 2010**

ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
ReSOURCE: A Nonprofit Community Enterprise, Inc. and subsidiary, d/b/a ReSOURCE  
Burlington, Vermont

We have audited the accompanying consolidated statement of financial position of ReSOURCE: A Nonprofit Community Enterprise, Inc. and subsidiary, d/b/a ReSOURCE (formerly Recycle North), as of December 31, 2010, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of ReSOURCE'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 ReSOURCE's 2009 financial statements and, in our report dated May 19, 2010, we expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of ReSOURCE: A Nonprofit Community Enterprise, Inc. and subsidiary as of December 31, 2010, and the changes in their net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2011 on our consideration of ReSOURCE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*JMM & Associates*

June 9, 2011

JMM & ASSOCIATES ■ CERTIFIED PUBLIC ACCOUNTANTS

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**ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)**

**A S S E T S**

	<b>2010</b>	<b>2009</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 89,293	\$ 86,733
Accounts receivable, net of allowance	59,382	61,583
Grants receivable	133,978	133,795
Pledges receivable	40,650	69,838
Inventory	74,666	75,409
Prepaid expenses	20,720	6,548
 <b>TOTAL CURRENT ASSETS</b>	 418,689	 433,906
 <b>PROPERTY AND EQUIPMENT</b>		
Land	32,500	32,500
Machinery and equipment	166,843	154,791
Leasehold improvements	209,592	208,024
Vehicles	209,859	195,800
Buildings	292,500	292,500
Construction in progress	840,005	347,324
	1,751,299	1,230,939
Less accumulated depreciation	(427,708)	(373,516)
 <b>TOTAL PROPERTY AND EQUIPMENT</b>	 1,323,591	 857,423
 <b>OTHER ASSETS</b>		
Pledges receivable	25,000	-
Security deposits	5,042	5,925
 <b>TOTAL OTHER ASSETS</b>	 30,042	 5,925
 <b>TOTAL ASSETS</b>	 \$ 1,772,322	 \$ 1,297,254

See accompanying notes.

**LIABILITIES AND NET ASSETS**

	<b>2010</b>	<b>2009</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 56,825	\$ 125,932
Current portion of long-term debt	-	400
Accrued wages	29,334	13,208
Accrued vacation	54,732	47,789
Accrued payroll liabilities	49,525	27,019
Sales tax payable	4,027	3,743
Store credits	6,084	6,089
Contract advances	-	5,687
	<b>200,527</b>	<b>229,867</b>
 <b>LONG-TERM LIABILITIES</b>		
Long-term debt, net of current portion	637,840	387,303
	<b>637,840</b>	<b>387,303</b>
 <b>NET ASSETS</b>		
Unrestricted	758,006	592,848
Temporarily restricted	175,949	87,236
	<b>933,955</b>	<b>680,084</b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,772,322</b>	<b>\$ 1,297,254</b>

See accompanying notes.

**ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)**

	2010	2009
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>		
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>		
<b>SUPPORT AND REVENUE</b>		
Contributions	\$ 159,356	\$ 174,848
Donated goods	472,712	489,379
Donated facilities and services	92,561	117,294
Grants	739,992	416,464
Training fees	242,847	188,199
Sales, net of returns and allowances	1,556,154	1,592,880
Interest income	4	370
Miscellaneous income	26,377	21,382
Subtotal - Support and Revenue	3,290,003	3,000,816
Net assets released from restrictions - programs	346,045	322,197
<b>TOTAL SUPPORT AND REVENUE</b>	<b>3,636,048</b>	<b>3,323,013</b>
<b>EXPENSES</b>		
Program services	3,131,926	3,005,019
Support expenses:		
General and administrative expenses - ReSOURCE	363,888	320,921
General and administrative expenses - 28 Granite Street LLC	35,300	10,151
Development	131,952	134,197
Total support expenses	531,140	465,269
<b>TOTAL EXPENSES</b>	<b>3,663,066</b>	<b>3,470,288</b>
<b>CHANGE IN NET ASSETS - OPERATING</b>	<b>(27,018)</b>	<b>(147,275)</b>
<b>NON-OPERATING REVENUE</b>		
Net assets released from restrictions - capital	100,684	212,231
Grants - capital	91,492	73,720
<b>TOTAL NON-OPERATING REVENUE</b>	<b>192,176</b>	<b>285,951</b>
<b>TOTAL CHANGE IN UNRESTRICTED NET ASSETS</b>	<b>165,158</b>	<b>138,676</b>
<b>BEGINNING UNRESTRICTED NET ASSETS</b>	<b>592,848</b>	<b>454,172</b>
<b>ENDING UNRESTRICTED NET ASSETS</b>	<b>\$ 758,006</b>	<b>\$ 592,848</b>

See accompanying notes.

**ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE**

**CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)**

	<b>2010</b>	<b>2009</b>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>		
<b>SUPPORT AND REVENUE</b>		
Contributions - program	\$ 435,399	\$ 185,896
Capital campaign contributions	100,043	232,946
Subtotal - Support and Revenue	535,442	418,842
Net assets released from restrictions - programs	(346,045)	(322,197)
Net assets released from restrictions - capital	(100,684)	(212,231)
<b>TOTAL SUPPORT AND REVENUE</b>	88,713	(115,586)
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	88,713	(115,586)
<b>BEGINNING TEMPORARILY RESTRICTED NET ASSETS</b>	87,236	202,822
<b>ENDING TEMPORARILY RESTRICTED NET ASSETS</b>	\$ 175,949	\$ 87,236
 <b>TOTAL CHANGE IN NET ASSETS</b>	 \$ 253,871	 \$ 23,090

See accompanying notes.

**ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY**  
**D/B/A ReSOURCE**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2010**  
**(WITH COMPARATIVE TOTALS FOR 2009)**

	Program Services	General and Administrative			Development	Total 2010	Total 2009
		ReSOURCE	28 Granite Street LLC				
Salaries	\$ 1,364,774	\$ 240,631	-	\$ 110,675	\$ 1,716,080	\$ 1,564,193	
Payroll taxes	114,837	18,978	-	7,797	141,612	159,136	
Employee benefits	226,406	2,325	-	-	228,731	196,665	
Subtotal - Personnel costs	1,706,017	261,934	-	118,472	2,086,423	1,919,994	
Cost of goods sold	489,593	-	-	-	489,593	477,130	
Occupancy	207,249	20,000	-	-	227,249	226,740	
Supplies and services	208,832	-	-	-	208,832	154,663	
Parts, fuel and disposal	190,203	-	-	-	190,203	215,807	
Vouchers	100,361	-	-	-	100,361	114,970	
Depreciation	60,329	4,075	9,750	-	74,154	81,369	
Donated services	66,589	-	-	-	66,589	68,797	
Insurance	16,286	3,364	11,416	-	31,066	22,064	
Staff education and training	15,756	11,899	-	-	27,655	23,019	
Donated facilities	25,000	-	-	-	25,000	48,497	
Advertising and printing	15,545	-	-	7,316	22,861	23,247	
Tools	16,116	3,227	-	-	19,343	16,307	
Other expenses	-	1,721	13,987	3,409	19,117	14,627	
Interest	-	16,927	-	-	16,927	3,510	
Bank charges	-	16,701	147	-	16,848	18,378	
Professional services	-	15,955	-	-	15,955	13,050	
Office supplies and postage	-	7,671	-	2,755	10,426	15,071	
Telephone	7,990	-	-	-	7,990	7,522	
Travel	3,106	414	-	-	3,520	2,752	
Returned checks, cash over/short	2,954	-	-	-	2,954	2,774	
Subtotal - Other expenses	1,425,909	101,954	35,300	13,480	1,576,643	1,550,294	
<b>TOTAL EXPENSES</b>	<b>\$ 3,131,926</b>	<b>\$ 363,888</b>	<b>\$ 35,300</b>	<b>\$ 131,952</b>	<b>\$ 3,663,066</b>	<b>\$ 3,470,288</b>	

See accompanying notes.

**ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)**

	<b>2010</b>	<b>2009</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributions	\$ 603,093	\$ 357,907
Cash received from training fees	245,048	176,671
Cash received from grants	739,810	473,915
Cash received from sales	1,450,153	1,478,057
Interest received	4	370
Other receipts	26,376	21,382
Cash paid for personnel	(2,092,764)	(1,966,372)
Cash paid for goods and services	(860,885)	(671,217)
Cash paid for interest	(16,927)	(3,510)
	<hr/>	<hr/>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>93,908</b>	<b>(132,797)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(527,204)	(688,945)
	<hr/>	<hr/>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(527,204)</b>	<b>(688,945)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital campaign contributions	185,718	168,428
Proceeds from long-term debt	250,138	387,703
	<hr/>	<hr/>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>435,856</b>	<b>556,131</b>
	<hr/>	<hr/>
<b>INCREASE (DECREASE) IN CASH</b>	<b>2,560</b>	<b>(265,611)</b>
	<hr/>	<hr/>
<b>BEGINNING CASH</b>	<b>86,733</b>	<b>352,344</b>
	<hr/>	<hr/>
<b>ENDING CASH</b>	<b>\$ 89,293</b>	<b>\$ 86,733</b>
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See accompanying notes.

ReSOURCE A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

	2010	2009
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 253,871	\$ 23,090
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	74,154	81,369
Change in allowance for accounts receivable	-	(2,000)
Donated equipment	(13,464)	(14,240)
Capital campaign contributions	(185,718)	(242,148)
(Increase) decrease in:		
Accounts receivable	(754)	(9,525)
Grants receivable	(182)	7,173
Pledges receivable	8,338	(2,838)
Inventory	743	(33,632)
Prepaid expenses	(14,171)	9,994
Security deposits	883	1,018
Increase (decrease) in:		
Accounts payable	(70,014)	94,465
Accrued wages	16,129	(64,414)
Accrued vacation	6,943	3,989
Accrued payroll liabilities	22,506	14,047
Sales tax payable	284	708
Store credits	21	2,175
Contract advances	(5,661)	(2,028)
Total adjustments	(159,963)	(155,887)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 93,908</b>	<b>\$ (132,797)</b>

See accompanying notes.

ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Operations

ReSOURCE: A Nonprofit Community Enterprise, Inc. and subsidiary, d/b/a ReSOURCE is a private, nonprofit corporation dedicated to resource conservation, job skills training and poverty relief. ReSOURCE, formerly ReCycle North, integrates conservation and training by collecting used appliances and other household items, which are refurbished and offered for sale to homeless and disadvantaged individuals. ReSOURCE also operates an innovative Building Material Reuse enterprise through which houses are deconstructed and materials sold and given away through a used building materials store. Training programs are offered in office administration, retail sales, appliance and computer systems repair, and construction/carpentry. ReSOURCE has operations in Burlington, Williston, and Barre, Vermont. Sources of revenue include sales, federal, state and foundation grants, and individual contributions.

Principles of consolidation

In 2009, ReSOURCE created a subsidiary entity, 28 Granite Street LLC, as a holding company for the purpose of benefiting from state and federal historic tax credits related to the renovation of the new program site in Barre, Vermont. The consolidated financial statements include the accounts of ReSOURCE and 28 Granite Street LLC. All significant intercompany accounts and transactions have been eliminated in consolidation.

Programs and activities

ReSOURCE's mission is to meet community and individual needs through (1) education and job skills training, (2) environmental stewardship and (3) economic opportunities.

ReSOURCE is dedicated to extending its impact, changing more lives, providing relief, retraining, rebuilding, repairing, and restoring.

The significant programs of ReSOURCE are as follows:

ReSTORE refurbishes donated household items and resells them through two retail storefronts and finds new homes for major appliances, computers, electronics, furniture, and other household goods.

ReBUILD offers construction and building materials for sale through its deconstruction service. Founded in 2001, ReBUILD's deconstruction services address the 25 to 40 percent of U.S. waste that is construction and demolition debris.

ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Programs and activities (continued)

ReTRAIN enrolls students in three main areas: YouthBuild, Work Experience and Apprentice-style. Participants are trained for occupations in construction, weatherization, appliance repair, computer assessment, and retail sales. ReTRAIN offers a unique combination of hands-on classroom lessons and professional development classes.

Launched in 1998, ReLIEF unites local and regional nonprofits and service providers and provides essential household items to those who most need them. ReLIEF allocates a requested donation amount to the partner organization, and these organizations then issue vouchers to their clients to "purchase" goods and services.

RePAIR offers a wide array of fee-for-services by trained professionals: major appliances, computer repair, deconstruction services, and pick-up and delivery.

Financial statement presentation

ReSOURCE is required to report its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. There are no permanently restricted net assets to report.

Contributions

ReSOURCE reports contributions as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions of noncash assets are recorded at their fair values in the period received. Contributions of services that create or enhance nonfinancial assets or that require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Donated investments are also reported at fair value at the date of receipt, which is then treated as cost.

Comparative 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 generally accepted accounting principles. 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 derived.

ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

ReSOURCE: A Nonprofit Community Enterprise, Inc. is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes on income related to its exempt purpose as a public charity pursuant to Section 509(a)(1). In addition, contributions to the Organization qualify for the charitable contribution deduction under Section 170(b)(1)(A)(vi). ReSOURCE does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. ReSOURCE's Federal form 990 is subject to examination by taxing authorities, generally for three years from the date filed.

The for-profit subsidiary, 28 Granite Street LLC, is subject to a minimum State income tax of \$250 per year, and is taxed as a partnership.

Inventory

ReSOURCE's inventory consists of in-kind donations including household goods, appliances, electronics, computers, and building materials. The Organization maintains inventory for appliances, electronics and computers valued at over \$10. Appliances and electronics are recognized as \$10 of contribution income with an equal amount as cost of goods sold. Computers are treated in the same manner with a \$50 value. For all other items, ReSOURCE recognizes in-kind contribution income and cost of goods sold at 50% of the value of reuse sales for the month, as that is deemed the most practical estimate of the goods' value at the time of the donation. It is the Organization's policy to perform an inventory count at the end of each year. Donated inventory is recorded as contributions and as inventory in the period received in order to properly reflect the cost of goods sold during the year and inventory on hand at year end.

Property and equipment

Property and equipment are carried at cost when acquired by purchase, and at estimated fair market value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The Organization's policy is to capitalize all acquisitions over \$1,500. Depreciation expense was \$74,154 and \$81,369 for the years ended December 31, 2010 and 2009, respectively.

Reclassifications

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

ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

1) SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For purposes of the Statement of Cash Flows, ReSOURCE considers all unrestricted, highly-liquid investments with an initial maturity of three months or less to be cash equivalents. At December 31, 2009, accounts at each bank were guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Effective December 31, 2010 through December 31, 2012, deposits held in noninterest-bearing transaction accounts will be fully insured, regardless of the amount in the account, at all FDIC-insured institutions. Amounts on deposit in excess of the amount insured by FDIC were \$0 as of December 31, 2010 and 2009.

Environmental remediation

As part of the rehabilitation of the Barre property, ReSOURCE incurred environmental remediation costs. Environmental remediation costs were capitalized in 2010 and 2009. Total remediation costs capitalized were \$21,904 and \$37,059 in 2010 and 2009, respectively, and are included in construction in progress. Management believes there is no further liability associated with potential environmental costs, as ReSOURCE has enrolled in the Vermont Brownfields Reuse and Environmental Liability Limitation Program.

Advertising

Advertising costs are charged to expense when incurred. Advertising expense was \$15,119 and \$15,626 for the years ended December 31, 2010 and 2009, respectively.

Estimates

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

Functional allocation of expenses

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

Sales tax

ReSOURCE collects sales tax. The amount received is credited to a liability account and as payments are made, this account is charged. At any point in time, this account represents the amount owed to the taxing authority for amounts collected but not yet remitted.

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D/B/A ReSOURCE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

2) ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31:

	<u>2010</u>	<u>2009</u>
Accounts receivable	\$ 63,582	\$ 65,283
Less allowance for doubtful accounts	<u>(4,200)</u>	<u>(3,700)</u>
	<u>\$ 59,382</u>	<u>\$ 61,583</u>

The allowance is based on experience and other circumstances that may affect the ability of clients to meet their obligations. The Organization charges off uncollectible accounts receivable when management deems the receivable will not be collected.

At December 31, 2010 and 2009, 36% and 45%, respectively, of total accounts receivable were due from one government agency for tuition.

Bad debt expense was \$3,400 and \$5,220 for 2010 and 2009, respectively.

3) GRANTS RECEIVABLE

Grants receivable consist of funds due primarily from federal, state and local governments. Due to their current nature, management deems the amounts to be fully collectible and no allowance for uncollectible accounts is necessary.

At December 31, 2010, 46% of total grants receivable were due from two government grantors to support the YouthBuild program.

At December 31, 2009, 53% of total grants receivable were due from two government grantors to support the YouthBuild program.

There was no bad debt expense related to grants receivable for 2010 and 2009.

**ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)**

**4) PLEDGES RECEIVABLE**

Pledges receivable consists of several promises to give, with no allowance deemed necessary. Pledges receivable consist of the following at December 31:

	<b>2010</b>	<b>2009</b>
Unrestricted promises	\$ 15,650	\$ 19,054
Capital campaign	50,000	50,784
	\$ 65,650	\$ 69,838

Amounts reported on the Statement of Financial Position at December 31, 2010 and 2009 are as follows:

	<b>2010</b>	<b>2009</b>
Current	\$ 40,650	\$ 69,838
Noncurrent	25,000	50,784
	\$ 65,650	\$ 120,622

**5) CONTRACT ADVANCES**

Prepaid program revenues and service deposits in the amounts of \$0 and \$5,687 have been reported as contract advances as of December 31, 2010 and 2009, respectively. These represent tuition fees and deconstruction services that were paid in advance.

**6) TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of December 31 are available for the following purposes or periods:

	<b>2010</b>	<b>2009</b>
Programs for blind and visually impaired	\$ 25,000	\$ 30,000
United Way allocation for following year	8,387	14,266
YouthBuild program	88,689	7,255
Capital campaign	20,074	20,715
Efficacy	22,342	-
Support for various programs in next year	11,457	-
Technology	-	15,000
	\$ 175,949	\$ 87,236

ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

7) RETIREMENT PLAN

ReSOURCE sponsors a 403(b) noncontributory, defined-contribution pension plan for all employees, and the board of directors has discretion over employer contributions to the plan. ReSOURCE made contributions of \$25,661 and \$0 to the plan in 2010 and 2009, respectively. In addition, all employees are eligible to participate in a voluntary tax-deferred supplemental retirement plan.

8) LINE OF CREDIT

In December 2009, ReSOURCE increased its revolving line of credit from \$30,000 to \$100,000. The line of credit is with TD Bank, and is secured by the business assets of the Organization. The agreement bears interest at a variable rate of the Wall Street Journal Prime plus 1%, with a floor of 4.25%. The interest rates on December 31, 2010 and 2009 was 4.25%. There were no amounts outstanding under this agreement at December 31, 2010 and 2009.

9) LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	2010	2009
City of Barre - VCDP loan:		
Mortgage loan at 0% interest rate, collateralized by real estate, principal deferred until property sold	\$ 294,820	\$ 294,820
Community National Bank:		
Construction note at 6% interest rate, interest only payments until July 2011, at which time management expects to refinance through USDA Rural Development Facility Loan, collateralized by inventory, equipment and Barre property	343,020	92,883
	637,840	387,703
Less current portion	-	(400)
	\$ 637,840	\$ 387,303

ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

9) LONG TERM DEBT (continued)

Future maturities of long-term debt are as follows for the years ending December 31:

2011	\$	-
2012		5,900
2013		6,200
2014		6,400
2015		6,700
Thereafter		<u>612,640</u>
	\$	<u>637,840</u>

In 2009, ReSOURCE purchased a building in Barre, Vermont. The purchase was funded through the Vermont Community Development Program (VCDP) using federal Community Development Block Grant (CDBG) funds. ReSOURCE obtained a bridge loan with Community National Bank for \$294,820 in September 2009 before the VCDP funding was available. In November 2009, ReSOURCE received the VCDP loan and paid off the bridge loan. The VCDP loan bears interest at 0%, and was passed through from the City of Barre. Loan repayment is deferred until sale of the property. The balance of the loan at December 31, 2010 and 2009 was \$294,820.

In 2009, ReSOURCE borrowed funds through a construction loan with Community National Bank (CNB) to fund the renovation of a building in Barre, Vermont. The total amount available is \$543,000, and the amount outstanding as of December 31, 2010 and 2009 was \$343,020 and \$92,883, respectively. The CNB loan is collateralized by inventory, equipment and the Barre property and is guaranteed by the United States Department of Agriculture. Terms of the loan include interest-only payments at 6% from January through July 2011, at which time management expects to refinance the loan with a USDA Rural Development Facility Loan, which will have terms including monthly principal and interest payments of \$2,715 for 30 years and an interest rate of 4.375%. The loan will be secured by a promissory note, real estate, equipment, fixtures, revenue, and accounts receivable.

**ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)**

**10) CAPITAL CAMPAIGN**

In 2009, ReSOURCE launched a \$1.6 million capital campaign that allowed the Organization to expand into central Vermont. The goal of the campaign is to create a home for a new social enterprise in Barre that will allow the Organization to offer, under one roof, the same range of materials repaired and reused in its two facilities in Burlington. The expansion will create new job training opportunities for youth and adults, create employment through an expanded social enterprise, protect the environment by reusing hundreds of tons of materials that would otherwise end up in the landfill, and relieve poverty by providing low-cost and free goods to low-income people in central Vermont. This project addresses the area's shortage of access to training programs, fulfills the urgent need to weatherize homes, increases the number of people trained to complete this work, addresses the lack of essential goods for families in crisis, and reduces the amount of material going to landfills each year.

The campaign, which increased to \$1.7 million in 2010, is funding the acquisition and renovation of a 13,000 square foot historic granite shed, allowing the Organization to outfit two new YouthBuild weatherization crews in Barre, and outfitting the central Vermont reuse program with equipment necessary to keep thousands of tons of material out of the landfill. The renovation plans are focused on creating a durable and super-insulated structure that will minimize energy use and maximize efficiency of operations.

Sources of Funds:	
Vermont Community Development Program	\$ 294,820
Historic tax credits	260,000
In-kind services (legal, architectural)	20,000
Capital campaign	<u>1,159,180</u>
Total Sources	<u><u>\$ 1,734,000</u></u>
Uses of Funds:	
Acquisition	\$ 325,000
Facility rehabilitation	1,213,205
Reuse equipment	38,500
YouthBuild startup equipment	67,600
Development and marketing	<u>89,695</u>
Total Uses	<u><u>\$ 1,734,000</u></u>

ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

**11) COMMITMENTS AND CONTINGENCIES**

Grants and contracts require the fulfillment of certain conditions as set forth in the instrument of the grant or contract. Failure to fulfill the conditions could result in the return of funds to the grantor. Although that is a possibility, management deems the contingency remote.

ReSOURCE uses space provided free of charge by the City of Burlington for the Organization's Building Material Center. ReSOURCE utilizes approximately 10,740 square feet of space, consisting of garage bays and a fenced-in yard. A long-term lease is uncertain; however, ReSOURCE expects to have use of the space through 2011. Construction of the Pine Street extension (formerly called the Southern Connector) scheduled to start in 2012 could impact the availability of this space as more yard space would be required for construction work. However, ReSOURCE expects to retain use of the space even if construction moves forward as scheduled, and will work with the City of Burlington to minimize the impact and secure a long-term lease. In 2010 and 2009, the Organization recorded an in-kind donation and related facility expense of \$25,000 and \$20,000, respectively, to approximate the fair value of the donated facility.

In 2009, ReSOURCE purchased a historic granite shed in Barre, Vermont for \$325,000, and began a major renovation expected to cost \$1,213,205. The renovation is expected to be completed in 2012. Construction in progress consists of \$840,005 and \$347,324 as of December 31, 2010 and 2009, respectively, related to this project. As of December 31, 2010, ReSOURCE had commitments under contract for approximately \$110,000 in construction and consulting costs related to the renovation.

**12) LEASES**

On April 14, 2008, ReSOURCE renewed a three-year lease agreement with a company owned by a member of the Organization's board of directors. The lease covers ReSOURCE's storefront and office space in Burlington, and was renewed in 2011 for a five-year term. Monthly rent payments were \$9,764 and \$9,313 in 2010 and 2009, respectively. Rent expense for the storefront and office space for the years ended December 31, 2010 and 2009 was \$114,821 and \$109,523, respectively.

In 2010 and 2009, ReSOURCE recognized a donation of facilities expense based on the difference between fair market value and the lease terms for space rented. The amount of donated rent recognized for the space was \$25,000 and \$48,497 in 2010 and 2009, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

**12) LEASES (continued)**

In May 2008, ReSOURCE entered into a three-year lease agreement for a commercial warehouse located in Williston, Vermont. The warehouse is used for appliance repair and metal recycling. Monthly rent payments for the warehouse were \$3,915 and \$3,787 per month in 2010 and 2009, respectively. The lease was renewed in 2011 for a three-year term. Rent expense for the Williston property was \$46,601 and \$45,452 in 2010 and 2009, respectively. ReSOURCE is subleasing part of the property to a metal company on a month-to-month basis, and received \$7,800 and \$11,400 in sublease income in 2010 and 2009, respectively.

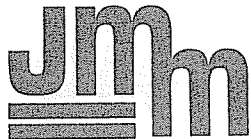
In addition, ReSource began subleasing part of the Barre property to two nonprofits. Sublease income from the two organizations was \$4,616 in 2010.

Future minimum lease payments as of December 31, 2010 under operating leases that have remaining terms in excess of one year are \$68,000 for the year ending December 31, 2011. Future sublease income is \$8,816 in 2011 and \$5,980 in 2012.

**13) SUBSEQUENT EVENTS**

ReSOURCE has evaluated events and transactions for potential recognition or disclosure through June 9, 2011, the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**



VT License #92-0000171

KEVIN J. MARCHAND, CPA  
SHERRY M. PREHODA, CPA  
BARNEY K. MCLEAN, CPA  
RANDALL L. SARGENT, CPA  
JEFFREY M. MORIN, CPA

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of  
ReSOURCE: A Nonprofit Community Enterprise, Inc., d/b/a ReSOURCE  
Burlington, Vermont

We have audited the consolidated financial statements of ReSOURCE: A Nonprofit Community Enterprise, Inc. and subsidiary, d/b/a ReSOURCE, as of and for the year ended December 31, 2010, and our report thereon dated June 9, 2011, which expressed an unqualified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole.

The accompanying schedule of expenditures of federal awards on pages 21 - 22 is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and is not a required part of the basic financial statements. Information in the schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The consolidating information on pages 23 - 29 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual organizations, and is not a required part of the consolidated financial statements. Such information is the responsibility of management, and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Jmm & Associates*

June 9, 2011

JMM & ASSOCIATES ■ CERTIFIED PUBLIC ACCOUNTANTS

309 College Street ■ PO Box 385 ■ Burlington, VT 05402 ■ 802 658 0043 ■ FAX: 802 658 0103 ■ JMM@JMMCPA.NET

**ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>Federal Grantor Pass-through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. DEPARTMENT OF LABOR</b>			
<i>Direct Funding</i>			
Youthbuild	17.274-ARRA	YB189880960A50	\$ 350,313
Youthbuild	17.274	YB18988A10	69,389
Youthbuild Green Jobs	17.261	EA-20454-10-60-1-50	96,319
<i>Passed through Central Vermont Community Action Council, Inc.</i>			
Vermont Green	17.275	GJ19878-1060A50	<u>12,186</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<u>528,207</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Direct Funding</i>			
Community Facilities Loans and Grants	10.780-ARRA	VT-97-01	343,020
<i>Passed through Vermont Department for Children and Families</i>			
FS E&T	10.561	03440-10031-11	<u>3,400</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>346,420</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed through City of Barre, Vermont</i>			
Community Development Block Grant	14.255-ARRA	07110-IG-III	294,820
<i>Passed through City of Burlington, VT CEDO</i>			
Community Development Block Grant	14.218	23936	<u>14,467</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>309,287</u>
<b>U.S. SMALL BUSINESS ADMINISTRATION</b>			
<i>Direct Funding</i>			
Social Enterprise and Workforce Development	59.000	SBAHQ0910046	<u>44,765</u>
<b>TOTAL U.S. SMALL BUSINESS ADMINISTRATION</b>			<u>44,765</u>
<b>SUBTOTAL (forward)</b>			<u>1,228,679</u>

ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>SUBTOTAL (forwarded)</b>			<u>\$ 1,228,679</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
<i>Passed through YouthBuild USA:</i>			
AmeriCorps 10/11	94.006		60,368
AmeriCorps 09/10	94.006		81,717
AmeriCorps 09/10- ARRA	94.006		<u>3,728</u>
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			<u>145,813</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Passed through VT Agency of Commerce</i>			
EPA Brownfields Cleanup	66.814	BF-97156901-0	<u>21,727</u>
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			<u>21,727</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed through Vermont Department for Children and Families</i>			
Temporary Assistance for Needy Families	93.558	03440-10031-10	3,400
Temporary Assistance for Needy Families	93.558	03440-10031-11	<u>3,400</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>6,800</u>
<b>CENTERS FOR MEDICARE AND MEDICAID SERVICES</b>			
<i>Passed through Vermont Department of Disabilities, Aging and Independent Living</i>			
Assistive Technology Program	93.768	03460-5-1533	<u>9,000</u>
<b>TOTAL CENTERS FOR MEDICARE AND MEDICAID SERVICES</b>			<u>9,000</u>
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<u>\$ 1,412,019</u>

**NOTE A - BASIS OF PRESENTATION**

The schedule of expenditures of federal awards includes the federal grant activity of ReSource and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

**ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE**

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

**DECEMBER 31, 2010**

**A S S E T S**

	<u>ReSOURCE</u>	<u>28 Granite Street LLC</u>	<u>Eliminations</u>	<u>Total</u>
<b>CURRENT ASSETS</b>				
Cash	\$ 87,104	\$ 2,189	\$ -	\$ 89,293
Accounts receivable, net of allowance	59,382	14,508	(14,508)	59,382
Grants receivable	133,978	-	-	133,978
Pledges receivable	40,650	-	-	40,650
Inventory	74,666	-	-	74,666
Prepaid expenses	14,672	6,048	-	20,720
	<u>410,452</u>	<u>22,745</u>	<u>(14,508)</u>	<u>418,689</u>
<b>TOTAL CURRENT ASSETS</b>				
<b>PROPERTY AND EQUIPMENT</b>				
Land	-	32,500	-	32,500
Machinery and equipment	166,843	-	-	166,843
Leasehold improvements	209,592	-	-	209,592
Vehicles	209,859	-	-	209,859
Buildings	-	292,500	-	292,500
Construction in progress	-	840,005	-	840,005
	586,294	1,165,005	-	1,751,299
Less accumulated depreciation	(415,520)	(12,188)	-	(427,708)
	<u>170,774</u>	<u>1,152,817</u>	<u>-</u>	<u>1,323,591</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>				
<b>OTHER ASSETS</b>				
Investment in subsidiary	1,175,562	-	(1,175,562)	-
Pledges receivable	25,000	-	-	25,000
Security deposits	5,042	-	-	5,042
	<u>1,205,604</u>	<u>-</u>	<u>(1,175,562)</u>	<u>30,042</u>
<b>TOTAL OTHER ASSETS</b>				
<b>TOTAL ASSETS</b>	<u>\$ 1,786,830</u>	<u>\$ 1,175,562</u>	<u>\$ (1,190,070)</u>	<u>\$ 1,772,322</u>

## LIABILITIES AND NET ASSETS

	<u>ReSOURCE</u>	<u>28 Granite Street LLC</u>	<u>Eliminations</u>	<u>Total</u>
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 71,333	\$ -	\$ (14,508)	\$ 56,825
Current portion of long-term debt	-	-	-	-
Accrued wages	29,334	-	-	29,334
Accrued vacation	54,732	-	-	54,732
Accrued payroll liabilities	49,525	-	-	49,525
Sales tax payable	4,027	-	-	4,027
Store credits	6,084	-	-	6,084
Contract advances	-	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>215,035</u>	<u>-</u>	<u>(14,508)</u>	<u>200,527</u>
<b>LONG-TERM LIABILITIES</b>				
Long-term debt, net of current portion	<u>637,840</u>	<u>-</u>	<u>-</u>	<u>637,840</u>
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>637,840</u>	<u>-</u>	<u>-</u>	<u>637,840</u>
<b>TOTAL LIABILITIES</b>	<u>852,875</u>	<u>-</u>	<u>(14,508)</u>	<u>838,367</u>
<b>NET ASSETS</b>				
Unrestricted	758,006	-	-	758,006
Member's equity	-	1,175,562	(1,175,562)	-
Temporarily restricted	<u>175,949</u>	<u>-</u>	<u>-</u>	<u>175,949</u>
<b>TOTAL NET ASSETS/MEMBER'S EQUITY</b>	<u>933,955</u>	<u>1,175,562</u>	<u>(1,175,562)</u>	<u>933,955</u>
<b>TOTAL LIABILITIES AND NET ASSETS/ MEMBER'S EQUITY</b>	<u>\$ 1,786,830</u>	<u>\$ 1,175,562</u>	<u>\$ (1,190,070)</u>	<u>\$ 1,772,322</u>

ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE

CONSOLIDATING SCHEDULE OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>ReSOURCE</u>	<u>28 Granite Street LLC</u>	<u>Eliminations</u>	<u>Total</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>				
<b>OPERATING SUPPORT AND REVENUE</b>				
Contributions	\$ 159,356	\$ -	\$ -	\$ 159,356
Donated goods	472,712	-	-	472,712
Donated facilities and services	92,561	-	-	92,561
Grants	739,992	-	-	739,992
Training fees	242,847	-	-	242,847
Sales, net of returns and allowances	1,556,154	-	-	1,556,154
Interest income	4	-	-	4
Miscellaneous income	29,448	45,232	(48,303)	26,377
Subtotal - Support and Revenue	<u>3,293,074</u>	<u>45,232</u>	<u>(48,303)</u>	<u>3,290,003</u>
Net assets released from restrictions - programs	346,045	-	-	346,045
<b>TOTAL SUPPORT AND REVENUE</b>	<u>3,639,119</u>	<u>45,232</u>	<u>(48,303)</u>	<u>3,636,048</u>
<b>EXPENSES</b>				
Program services	3,177,158	-	(45,232)	3,131,926
General and administrative expenses	363,888	38,371	(3,071)	399,188
Development	131,952	-	-	131,952
<b>TOTAL EXPENSES</b>	<u>3,672,998</u>	<u>38,371</u>	<u>(48,303)</u>	<u>3,663,066</u>
<b>CHANGE IN NET ASSETS - OPERATING</b>	<u>(33,879)</u>	<u>6,861</u>	<u>-</u>	<u>(27,018)</u>
<b>NON-OPERATING REVENUE</b>				
Net assets released from restrictions - capital	100,684	-	-	100,684
Grants - capital	91,492	-	-	91,492
Income from subsidiary	6,861	-	(6,861)	-
<b>TOTAL NON-OPERATING REVENUE</b>	<u>199,037</u>	<u>-</u>	<u>(6,861)</u>	<u>192,176</u>
<b>TOTAL CHANGE IN UNRESTRICTED NET ASSETS</b>	165,158	6,861	(6,861)	165,158
<b>BEGINNING UNRESTRICTED NET ASSETS/ MEMBER'S DEFICIT</b>	<u>592,848</u>	<u>(7,451)</u>	<u>7,451</u>	<u>592,848</u>
<b>ENDING UNRESTRICTED NET ASSETS/ MEMBER'S DEFICIT</b>	<u>\$ 758,006</u>	<u>\$ (590)</u>	<u>\$ 590</u>	<u>\$ 758,006</u>

ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE

CONSOLIDATING SCHEDULE OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>ReSOURCE</u>	<u>28 Granite Street LLC</u>	<u>Eliminations</u>	<u>Total</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>				
<b>SUPPORT AND REVENUE</b>				
Contributions - programs	\$ 435,399	\$ -	\$ -	\$ 435,399
Capital campaign contributions	100,043	-	-	100,043
Subtotal - Support and Revenue	<u>535,442</u>	<u>-</u>	<u>-</u>	<u>535,442</u>
Net assets released from restrictions - programs	(346,045)	-	-	(346,045)
Net assets released from restrictions - capital	(100,684)	-	-	(100,684)
	<u>(446,729)</u>	<u>-</u>	<u>-</u>	<u>(446,729)</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>88,713</u>	<u>-</u>	<u>-</u>	<u>88,713</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	88,713	-	-	88,713
<b>BEGINNING TEMPORARILY RESTRICTED NET ASSETS</b>	<u>87,236</u>	<u>-</u>	<u>-</u>	<u>87,236</u>
<b>ENDING TEMPORARILY RESTRICTED NET ASSETS</b>	<u>\$ 175,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,949</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	<u>\$ 253,871</u>	<u>\$ 6,861</u>	<u>\$ (6,861)</u>	<u>\$ 253,871</u>

ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE

SCHEDULE OF MEMBER'S EQUITY - 28 GRANITE STREET LLC

FOR THE YEAR ENDED DECEMBER 31, 2010

<b>BEGINNING BALANCE - DECEMBER 31, 2009</b>	\$ 676,019
Capital contributions	492,682
Net income	<u>6,861</u>
<b>ENDING BALANCE - DECEMBER 31, 2010</b>	<u><u>\$ 1,175,562</u></u>

**ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE**

**CONSOLIDATING SCHEDULE OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>ReSOURCE</u>	<u>28 Granite Street LLC</u>	<u>Eliminations</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from contributions	\$ 603,093	\$ -	\$ -	\$ 603,093
Cash received from training fees	245,048	-	-	245,048
Cash received from grants	739,810	-	-	739,810
Cash received from sales	1,450,153	-	-	1,450,153
Interest received	4	-	-	4
Other receipts	29,448	30,724	(33,796)	26,376
Cash paid for personnel	(2,092,764)	-	-	(2,092,764)
Cash paid for goods and services	(856,306)	(29,322)	24,743	(860,885)
Cash paid for interest	(16,927)	-	-	(16,927)
	<u>101,559</u>	<u>1,402</u>	<u>(9,053)</u>	<u>93,908</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment in subsidiary	(501,734)	-	501,734	-
Purchases of fixed assets	(34,523)	(492,681)	-	(527,204)
	<u>(536,257)</u>	<u>(492,681)</u>	<u>501,734</u>	<u>(527,204)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>				
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Capital campaign contributions	185,718	-	-	185,718
Equity contributions	-	492,681	(492,681)	-
Proceeds from long-term debt	250,138	-	-	250,138
	<u>435,856</u>	<u>492,681</u>	<u>(492,681)</u>	<u>435,856</u>
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>				
<b>INCREASE IN CASH</b>	1,158	1,402	-	2,560
<b>BEGINNING CASH</b>	<u>85,946</u>	<u>787</u>	<u>-</u>	<u>86,733</u>
<b>ENDING CASH</b>	<u>\$ 87,104</u>	<u>\$ 2,189</u>	<u>\$ -</u>	<u>\$ 89,293</u>

**ReSOURCE: A NONPROFIT COMMUNITY ENTERPRISE, INC. AND SUBSIDIARY  
D/B/A ReSOURCE**

**CONSOLIDATING SCHEDULE OF CASH FLOWS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>ReSOURCE</b>	<b>28 Granite Street LLC</b>	<b>Eliminations</b>	<b>Total</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Change in net assets	\$ 253,871	\$ 6,861	\$ (6,861)	\$ 253,871
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation	64,404	9,750	-	74,154
Donated equipment	(13,464)	-	-	(13,464)
Capital campaign contributions	(185,718)	-	-	(185,718)
Income from subsidiary	(6,861)	-	6,861	-
(Increase) decrease in:				
Accounts receivable	(754)	(14,508)	14,508	(754)
Grants receivable	(182)	-	-	(182)
Pledges receivable	8,338	-	-	8,338
Inventory	743	-	-	743
Prepaid expenses	(13,734)	(437)	-	(14,171)
Security deposits	883	-	-	883
Increase (decrease) in:				
Accounts payable	(46,189)	(264)	(23,561)	(70,014)
Accrued wages	16,129	-	-	16,129
Accrued vacation	6,943	-	-	6,943
Accrued payroll liabilities	22,506	-	-	22,506
Sales tax payable	284	-	-	284
Store credits	21	-	-	21
Contract advances	(5,661)	-	-	(5,661)
Total adjustments	(152,312)	(5,459)	(2,192)	(159,963)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 101,559</b>	<b>\$ 1,402</b>	<b>\$ (9,053)</b>	<b>\$ 93,908</b>