

ST. BERNARD PROJECT, INC.

Compilation of Financial Statements

From April 18, 2008 (Date of Inception),
to December 31, 2008

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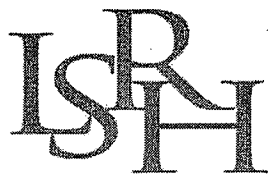
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LAPORTE SEHRT
ROMIG HAND
CERTIFIED PUBLIC ACCOUNTANTS

Accountant's Report

To the Board of Directors
St. Bernard Project, Inc.

We have compiled the accompanying statement of assets, liabilities, and net assets - modified cash basis of St. Bernard Project, Inc. (a nonprofit organization) as of December 31, 2008, and the related statement of revenues, expenses, and other changes in net assets - modified cash basis, and cash flows - modified cash basis for the period from April 18, 2008 (Date of Inception), to December 31, 2008, and the accompanying supplementary information contained in Schedule I, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary information and, accordingly, do not express an opinion or any other form of assurance on them.

A handwritten signature in cursive script, reading "Laporte, Selet, Romig & Hand".

A Professional Accounting Corporation

June 30, 2009

ST. BERNARD PROJECT, INC.
Statement of Assets, Liabilities, and Net Assets -
Modified Cash Basis
December 31, 2008

Assets

Current Assets

Cash	\$	288,023
Prepaid Expenses		7,418
Inventory		4,200

Total Current Assets 299,641

Property and Equipment

Property and Equipment		57,717
Less: Accumulated Depreciation		(10,860)

Total 46,857

Total Assets \$ 346,498

Net Assets

Unrestricted	\$	276,498
Temporarily Restricted		70,000

Total Net Assets \$ 346,498

See accompanying notes and accountant's report.

ST. BERNARD PROJECT, INC.

**Statement of Revenues, Expenses, and Other Changes in Net Assets -
Modified Cash Basis**

**For the Period from April 18, 2008 (Date of Inception) to
December 31, 2008**

Unrestricted Net Assets	
Revenue and Support	
Contributions	\$ 1,293,943
United Way Designations	213,464
Foundation Grants	262,804
Fundraising	68,359
Rebuild Payments	29,641
Interest Income	304
Net Assets Released from Restrictions	<u>30,000</u>
Total Unrestricted Revenue and Support	<u>1,898,515</u>
Expenses and Losses	
Program Services	
Rebuilding Expenses	1,477,786
Supporting Services	
Management and General	108,839
Fundraising	<u>35,392</u>
Total Expenses	<u>1,622,017</u>
Increase in Unrestricted Net Assets	276,498
Changes in Temporarily Restricted Net Assets	
United Way Grants	100,000
Net Assets Released from Restrictions	<u>(30,000)</u>
Total Temporarily Restricted Net Assets	<u>70,000</u>
Change in Net Assets	346,498
Net Assets, Beginning of Period	<u>-</u>
Net Assets, End of Period	<u>\$ 346,498</u>

See accompanying notes and accountant's report.

ST. BERNARD PROJECT, INC.
Statement of Cash Flows - Modified Cash Basis
For the Period from April 18, 2008 (Date of Inception) to
December 31, 2008

Cash Flows from Operating Activities	
Change in Net Assets	\$ 346,498
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities	
Depreciation	10,860
Donation of Fixed Assets	(53,327)
Increase in Prepaid Expenses	(7,418)
Increase in Inventory	(4,200)
	<u>(54,085)</u>
Net Cash Used in Operating Activities	<u>(54,085)</u>
Cash Flows from Investing Activities	
Purchase of Property and Equipment	<u>(4,390)</u>
Net Cash Used in Investing Activities	<u>(4,390)</u>
Net Increase in Cash	<u>288,023</u>
Cash Balance, Beginning of Year	<u>-</u>
Cash Balance, End of Year	<u><u>\$ 288,023</u></u>

See accompanying notes and accountant's report.

ST. BERNARD PROJECT, INC.

Notes to Financial Statements

Note 1. Organizational Purpose

St. Bernard Project, Inc. (SBP) is a non-profit organization which began operations April 18, 2009. SBP has a mission to remove barriers for families who wish to return home to St. Bernard Parish following Hurricane Katrina. SBP achieves this mission through its rebuilding program which offers an efficient and affordable solution.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Revenue is recognized when received rather than when earned, and expenses are recorded when paid rather than when the obligations are incurred.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, SBP is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets - limited only by the broad limits resulting from the nature of the organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws and limits resulting from contractual agreements with suppliers, creditors and others entered into by the organization in the course of its business.

Temporarily Restricted Net Assets - assets whose restrictions lapse with the passage of time.

Permanently Restricted Net Assets - assets whose restrictions do not lapse with the passage of time. There were no permanently restricted net assets as of December 31, 2008.

The statement of revenues, expenses and other changes in net assets - modified cash basis presents expenses of SBP's operations functionally between program, fundraising, and management and general. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

ST. BERNARD PROJECT, INC.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Contributions

Gifts that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the gifts are recognized. All other donor-restricted gifts are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash

For purposes of the statement of cash flows, SBP considers cash on hand and demand deposit accounts to be cash.

Property and Equipment

SBP's policy is to capitalize acquisitions and improvements. Maintenance and repair costs are charged to expense as incurred. Property and equipment is carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives (5 to 39.5 years) of the assets. Depreciation expense for the period of April 18, 2008 (Date of Inception), to December 31, 2008 was \$10,860.

Inventory

Inventory is composed of shirts and is recorded at cost by the first-in, first-out method.

Advertising

Advertising expense for the period of April 18, 2008 (Date of Inception), to December 31, 2008 was \$6,080.

Income Taxes

SBP is a nonprofit Organization exempt from income taxes under the IRS Code Section 501(c)(3) and, therefore, is not subject to income taxes.

Accounting Estimates

The preparation of financial statements under the modified cash basis, which is an other comprehensive basis of accounting, requires management to make estimates and assumptions that certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ST. BERNARD PROJECT, INC.

Notes to Financial Statements

Note 3. Property and Equipment

The following is a summary of Property and Equipment for the period ended December 31, 2008:

Vehicles	\$	39,825
Machinery and Equipment		16,002
Computer and Office Equipment		<u>1,890</u>
		57,717
Less: Accumulated Depreciation		<u>(10,860)</u>
Total	\$	<u>46,857</u>

Note 4. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at December 31, 2008:

United Way - Rebuilding Program	<u>\$</u>	<u>70,000</u>
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Note 5. Release of Temporarily Restricted Net Assets

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose. Purpose restrictions accomplished were as follows for the period ended December 31, 2008:

United Way - Rebuilding Program	<u>\$</u>	<u>30,000</u>
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Note 6. Concentration of Credit Risk

SBP periodically maintains cash in bank accounts in excess of insured limits. The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Note 7. Leases

SBP entered into a lease for its office space which extends through April 2009. Monthly payments are \$1,100. Subsequent to year end, SBP signed a new lease which extends through April 18, 2011 with the monthly payments remaining the same.

ST. BERNARD PROJECT, INC.

Notes to Financial Statements

Note 7. Leases (Continued)

Housing for volunteers is also leased by SBP. The current lease, with monthly payments of \$1,300, ended December 31, 2008. On January 1, 2009, a new lease was entered into through December 31, 2009, with monthly payments remaining the same. The house is subleased to volunteers for short term periods for \$150 per month. Rental income associated with the sublease totaled \$5,970 for the period of April 18, 2008 (Date of Inception), to December 31, 2008.

Rental expense was \$27,579 for the period of April 18, 2008 (Date of Inception), to December 31, 2008.

Minimum future obligations on the leases in effect as of December 31, 2008, are as follows:

2009	\$ 28,800
2010	13,200
2011	<u>3,300</u>
Totals	<u>\$ 45,300</u>

ST. BERNARD PROJECT, INC.**Schedule I****Supplementary Information****Schedule of Functional Expenses - Modified Cash Basis****For the Period from April 18, 2008 (Date of Inception) to****December 31, 2008**

	Program Services	Management and General	Fundraising	Total Expenses
Job Related Cost	\$ 725,636	\$ -	\$ -	\$ 725,636
Salaries	325,000	11,625	16,875	353,500
Rebuilding Expenses	122,861	-	-	122,861
Employee Expenses	37,768	59,414	-	97,182
Construction	70,158	-	-	70,158
Rebuilding Supplies	45,165	-	5,044	50,209
Employee Benefits	34,734	8,683	1,233	44,650
Insurance	42,507	1,419	-	43,926
Payroll Taxes	26,208	6,552	1,291	34,051
Office Supplies	26,763	6,691	-	33,454
Occupancy	10,126	2,532	-	12,658
Travel and Lodging	-	-	10,949	10,949
Depreciation	10,860	-	-	10,860
Advertising	-	6,080	-	6,080
Miscellaneous	-	4,094	-	4,094
Accounting Fees	-	1,676	-	1,676
Interest Expense	-	73	-	73
Total Expenses	\$ 1,477,786	\$ 108,839	\$ 35,392	\$ 1,622,017

See accountant's report.