TOOLBANK USA, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2011

TOOLBANK USA, INC.

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Celebrating 60 years
Established 1952
HA&W
HABIF, AROGETI & WYNNE, LLP
Certified Public Accountants and Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
ToolBank USA, Inc.

We have audited the accompanying statement of financial position of ToolBank USA, Inc. (the Company) as of December 31, 2011, and the related statements of activity, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The opening balances as of December 31, 2010, before restatement, were derived from the financial statements of ToolBank USA, Inc., which were audited by other auditors whose report dated June 14, 2010, expressed an unqualified opinion on those statements before restatement.

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 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 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 ToolBank USA, Inc. as of December 31, 2011, 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.

We also audited the adjustment described in Note B that was recorded to restate the opening net asset balances as of December 31, 2010. In our opinion, such adjustments are appropriate and have been properly applied.

Habif, Arogeti & Wynne, LLP

Atlanta, Georgia

August 8, 2012

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TOOLBANK USA, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS

Cash	$	440,664
Pledges receivable, net		585,485
Due from affiliates		1,579
Equipment and software, net		185,018
Total assets	$	1,212,746

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	$	1,668
Net assets		
Unrestricted		351,033
Temporarily restricted		860,045
Total net assets		1,211,078
Total liabilities and net assets	$	1,212,746

See auditors' report and accompanying notes

TOOLBANK USA, INC.
STATEMENT OF ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2011

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total Net Assets
Support and revenue:			
Contributions	$ 319,482	896,245	$ 1,215,727
Interest income	525	-	525
Other income	1,000	-	1,000
Total support and revenues	321,007	896,245	1,217,252
Net assets released from restriction	166,200	(166,200)	-
Total support, revenue and net assets released from restrictions	487,207	730,045	1,217,252
Expenses:			
Program	533,458	-	533,458
General and administrative	49,349	-	49,349
Fundraising	75,240	-	75,240
Total operating expenses	658,047	-	658,047
Increase (decrease) in net assets	(170,840)	730,045	559,205
Net assets, beginning of year, as originally stated	114,091	537,782	651,873
Prior period adjustment	407,782	(407,782)	-
Net assets, beginning of year, as restated	521,873	130,000	651,873
Net assets, end of year	$ 351,033	$ 860,045	$ 1,211,078

See auditors' report and accompanying notes

TOOLBANK USA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

Cash flows from operating activities:	
Increase in net assets	$ 559,205
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	80,340
In-kind donations of equipment and software	(103,750)
Changes in operating assets and liabilities:	
Pledges receivable	(487,064)
Accounts payable	1,668
Total adjustments	(508,806)
Net cash provided by operating activities	50,399
Cash, beginning of year	390,265
Cash, end of year	$ 440,664

See auditors' report and accompanying notes

TOOLBANK USA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program	General and Administrative	Fundraising
Advertising and promotion	$ -	$ -	$ 4,643
Bank service charges	-	74	-
Board expenses	-	297	-
Depreciation	79,959	381	-
Direct program costs	227,307	-	-
Dues and subscriptions	-	3,146	-
Fundraising	-	-	730
Insurance	732	135	259
Office rent	4,290	792	1,518
Office supplies	2,222	462	787
Payroll and benefits	187,424	34,601	66,319
Professional services	12,000	9,022	-
Special events	-	-	142
Travel	19,172	374	717
Utilities - telephone	352	65	125
Total expenses	$ 533,458	$ 49,349	$ 75,240

Note A
Summary of Significant Accounting Policies

Nature of Operations:

ToolBank USA, Inc. (the "Company") is a nonprofit organization with a mission to strengthen local communities through the collaborative establishment of ToolBanks across the United States, and the provision of infrastructure to promote consistency and excellence for all ToolBanks. ToolBanks are premier tool lending resources, serving all charitable organizations in their metropolitan areas. ToolBank USA, Inc., was established as a nonprofit organization on March 27, 2008 in the State of Georgia.

Basis of Accounting:

The financial statements of ToolBank USA, Inc. have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation:

Financial statement presentation is in accordance with accounting standards regarding the reporting of net assets. The Company 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. Temporarily restricted donations whose restrictions are met during the year are presented on the Statement of Activities as unrestricted donations.

Contributions:

The Company records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Pledges Receivable:

Contributions are recognized when the donor makes a pledge to the Company that is, in substance, unconditional. 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 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. Pledges receivable are discounted by management using an interest rate of 2.5%.

The Company uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made.

Note A
Summary of Significant Accounting Policies (Continued)

Equipment and Software:

Expenditures for minor additions of equipment are charged to expense when incurred. Expenditures for equipment and software are capitalized and recorded at cost. Donations of property and equipment are recorded as support at their estimated fair values. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Company reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Company reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Equipment and software are depreciated over the estimated useful lives of the respective assets using the straight-line method.

Equipment	5 years
Software	3 years

Donated Materials and Services:

Donated equipment, furniture, and fixtures are reflected as contributions in the accompanying statements at their estimated fair values on the date of receipt. The value of donated services is recorded in the financial statements if the services create or enhance non-financial assets or require specialized skills that would typically need to be purchased if not donated.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Federal Income Tax Status:

The Company has been classified as an exempt organization under the Internal Revenue Code Section 501(c)(3), and as such, no provision for income taxes has been provided. The Organization applies the guidance on accounting for uncertain tax provisions in FASB ASC 740 Income Taxes.

Functional Expenses:

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

Note B
Prior Period Adjustment

In the prior period, net assets in the amount of $407,782 were classified as temporarily restricted and should have been classified as unrestricted. The net effect of the correction is to increase unrestricted net assets by $407,782 and decrease temporarily restricted assets by the same amount.

Note C
Credit Risk

The Company maintains cash deposits in a commercial bank that at times may exceed federally insured limits. The Company believes that there is no significant credit risk with respect to these deposits.

Note D
Pledges Receivable

For the year ended December 31, 2011, pledges receivable in less than one year total $200,000 and pledges receivable in two to five years total $400,000.

Pledges receivable consist of the following:

Pledges receivable	$ 600,000
Less: unamortized discounts	(14,515)
	$ 585,485

Note E
Equipment and Software

Equipment and software consist of the following:

Equipment	$ 1,907
Software	291,750
Subtotal	293,657
Less: accumulated depreciation	(108,639)
	$ 185,018

Depreciation expense was $80,340 for the year ended December 31, 2011.

Note F
Net Asset Restrictions

Temporarily restricted net assets as of December 31, 2011, consist of the following:

Pledges receivable (time restriction)	$ 585,485
Restricted for program expansion (purpose restriction)	274,560
	$ 860,045

Note G
Effects of Current Economic Conditions on Contributions

The Company depends heavily on contributions and grants for its public support. The ability of certain contributors and grantors of the Company to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While the Company's board of directors believes the Company has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent upon the above factors.

Note H
Concentration of Donors

The Company received approximately 65% of revenue and 100% of the pledges receivable from one major donor for the year ended December 31, 2011.

Note I
Subsequent Events

Management considered all events through August 8, 2012, the date the financial statements were available for release, in preparing the financial statements and the related disclosures. Management is not aware of any significant events that occurred subsequent to the balance sheet date, but prior to the filing of this report, that would have a material impact on the audited financial statements.