

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

TOOLBANK USA, INC.

DECEMBER 31, 2009

ToolBank USA, Inc.

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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. as of December 31, 2009, and the related statement of activities and changes in net assets, and cash flows for the period October 1, 2008 (commencement of operations) through December 31, 2009. These financial statements are the responsibility of ToolBank USA, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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, 2009, and the changes in net assets and cash flows for the period October 1, 2008 (commencement of operations) through December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

Reznick Group, P.C.

Atlanta, Georgia
August 13, 2010

ToolBank USA, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2009

Assets	
Cash	\$ 255,941
Furniture and equipment, net	1,489
Prepaid expenses	<u>110,000</u>
Total assets	<u>\$ 367,430</u>
Liabilities and Net Assets	
Liabilities	<u>\$ -</u>
Total liabilities	<u>-</u>
Net assets	
Unrestricted	70,180
Temporarily restricted	<u>297,250</u>
Total net assets	<u>367,430</u>
Total liabilities and net assets	<u>\$ 367,430</u>

See notes to financial statements

ToolBank USA, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the period October 1, 2008(commencement of operations) through December 31, 2009

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributions	\$ 270,241	\$ 297,250	\$ 567,491
Interest income	1,171	-	1,171
Total support and revenue	<u>271,412</u>	<u>297,250</u>	<u>568,662</u>
Net assets released from restrictions	-	-	-
Total support, revenue and net assets released from restrictions	271,412	297,250	568,662
Expenses:			
Board-related	538	-	538
Direct program costs	14,912	-	14,912
Travel	5,058	-	5,058
Website donation	703	-	703
Organizing	777	-	777
Total program activities	<u>21,988</u>	<u>-</u>	<u>21,988</u>
Management and general	179,244	-	179,244
Total operating expenses	<u>201,232</u>	<u>-</u>	<u>201,232</u>
Changes in net assets	70,180	297,250	367,430
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 70,180</u>	<u>\$ 297,250</u>	<u>\$ 367,430</u>

See notes to financial statements

ToolBank USA, Inc.

STATEMENT OF CASH FLOWS

For the period October 1, 2008 (commencement of operations) through December 31, 2009

Cash flows from operating activities

Change in net assets	\$ 367,430
Adjustments to reconcile change in net assets to cash used in operating activities	
Depreciation and amortization	<u>418</u>
Net cash used in operating activities	<u>367,848</u>

Cash flows from investing activities

Purchase of furniture and equipment	(1,907)
Purchase of prepaid license	<u>(110,000)</u>
Net cash provided by investing activities	<u>(111,907)</u>

Decrease in cash	255,941
Beginning cash	<u>-</u>
Ending cash	<u>\$ 255,941</u>

See notes to financial statements

ToolBank USA, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

ToolBank USA, Inc. 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. ToolBank USA, Inc. was established as a nonprofit organization on March 27, 2008 in the State of Georgia.

Basis of Presentation

Under generally accepted accounting principles the organization is required to report information regarding its financial position and activities according to the classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In conformity with the generally accepted accounting principles, contributions received, if any, are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Furniture and equipment

Furniture and equipment are recorded at cost. Depreciation of furniture and equipment is computed using the straight-line method on the estimated useful life ranging from three to five years. Depreciation expense for the period October 1, 2008 through December 31, 2009 is \$418.

Prepaid Expenses

ToolBank USA, Inc. has entered into an agreement on July 21, 2009 with Opfuse Technologies, LLC to license certain application software programs. The contract is \$110,000 with a yearly \$5,000 maintenance and support fee. The contract can be terminated by either party. As of December 31, 2009, such soft ware has not been implemented and has been included in the balance sheet as a prepaid expense.

ToolBank USA, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2009

Revenue and Support Recognition

Contributions received and unconditional promises to give are recognized as revenue in the period received at their fair value. Multi-year promises to give are recorded at net present value. Conditional promises to give are recognized as revenue when the conditions of the promise are substantially met. Temporarily restricted revenue and support whose restrictions are met in the current reporting period are recognized as net assets released from restrictions in the Statement of Activities and Changes in Net Assets.

Income Taxes

The Corporation has elected tax exempt status under Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the year ended December 31, 2009. Due to its tax exempt status, the Corporation is not subject to income taxes. The Corporation is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Corporation has no other tax positions which must be considered for disclosure.

NOTE 2 - CONCENTRATION OF CREDIT RISK

In the ordinary course of its operations, ToolBank USA, Inc. maintains cash deposits in excess of federal insured limits. ToolBank USA, Inc. has not experienced any losses with these deposits.

Approximately 87 percent of total revenue was made up of contributions from three donors. ToolBank USA, Inc. expects that the support of these donors will continue.

NOTE 3 - RESTRICTED NET ASSETS

Restricted net assets and the restrictions as of December 31, 2009 are as follows:

<u>Temporarily Restricted</u>	<u>Amount</u>	<u>Restriction</u>
Home Depot	\$ 55,000	ToolBank Replication Program in two pilot cities
Stanley Works	100,000	Support startup efforts in three cities and Atlanta Community ToolBank
UPS	142,000	Creation of the Charlotte Community ToolBank and development of web-based inventory system
Individual	250	Support the Boulder ToolBank
	<u>\$ 297,250</u>	Total restricted assets

ToolBank USA, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2009

NOTE 4 - SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Partnership through August 13, 2010 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.