



# Rebuilding Together of Richmond

Financial Report

June 30, 2019

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**Frank Barcalow CPA, P.L.L.C.**  
**Certified Public Accountant**

**Independent Auditor's Report**

Board of Directors  
Rebuilding Together of Richmond  
Richmond, Virginia

**Report on Financial Statements**

We have audited the accompanying financial statements of Rebuilding Together of Richmond (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rebuilding Together of Richmond as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Rebuilding Together of Richmond's 2018 financial statements, and our report dated December 11, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Frank Barcalow CPA P.L.L.C.*

Richmond, Virginia

April 30, 2020

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**Members American Institute of Certified Public Accountants**

# REBUILDING TOGETHER OF RICHMOND

## Statement of Financial Position

June 30, 2019 with Comparative Totals as of June 30, 2018

	<b>2019</b>	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 229,359	\$ 238,168
Contributions receivable	118,214	137,649
Other current assets	2,483	1,000
	<hr/>	
Total current assets	350,056	376,817
Property and equipment, net	16,366	19,807
	<hr/>	
Total assets	\$ 366,422	\$ 396,624
	<hr/>	
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 67,697	\$ 12,528
Deferred revenue	45,000	-
	<hr/>	
Total current liabilities	112,697	12,528
	<hr/>	
Net assets		
Without donor restrictions	188,622	314,220
Without donor restrictions - board designated	6,000	6,000
With donor restrictions	59,103	63,876
	<hr/>	
Total net assets	253,725	384,096
	<hr/>	
Total liabilities and net assets	\$ 366,422	\$ 396,624
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## REBUILDING TOGETHER OF RICHMOND

### Statement of Activities

Year Ended June 30, 2019, with Comparative Totals for the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2019	2018
Revenue and support:				
Contributions and grants	\$ 592,646	\$ -	\$ 592,646	\$ 659,627
Interest income	77	227	304	230
Special events, less direct expenses of \$9,246	31,478	-	31,478	27,180
	<b>624,201</b>	<b>227</b>	<b>624,428</b>	<b>687,037</b>
Net assets released from restrictions:				
Satisfaction of program restrictions	5,000	(5,000)	-	-
Total revenue and support	<b>629,201</b>	<b>(4,773)</b>	<b>624,428</b>	<b>687,037</b>
Functional expenses:				
Program services	558,863	-	558,863	533,941
Management and general	86,727	-	86,727	63,584
Fundraising	109,209	-	109,209	95,978
Total expenses	<b>754,799</b>	<b>-</b>	<b>754,799</b>	<b>693,503</b>
Change in net assets	<b>(125,598)</b>	<b>(4,773)</b>	<b>(130,371)</b>	<b>(6,466)</b>
Net assets, beginning	<b>320,220</b>	<b>63,876</b>	<b>384,096</b>	390,562
Net assets, ending	<b>\$ 194,622</b>	<b>\$ 59,103</b>	<b>\$ 253,725</b>	<b>\$ 384,096</b>

## REBUILDING TOGETHER OF RICHMOND

### Statement of Functional Expenses

Year Ended June 30, 2019, with Comparative Totals for the Year Ended June 30, 2018

	Program Management			Totals	
	Services	and General	Fundraising	2019	2018
Salaries	\$ 159,155	\$ 35,526	\$ 78,071	\$ 272,752	\$ 241,155
Payroll taxes	12,338	2,754	6,052	21,144	17,967
Employee benefits	13,608	3,037	6,675	23,320	15,500
Office rent	5,146	5,145	5,145	15,436	14,688
Promotional expense	-	-	2,939	2,939	1,940
Professional development	-	-	2,500	2,500	375
Payroll processing fees	1,936	432	950	3,318	3,602
Depreciation	-	8,091	-	8,091	7,153
Dues, conference and retreat	16,250	2,058	-	18,308	15,604
Supplies	1,971	1,970	1,969	5,910	4,302
Project expenses:					
Materials	66,239	-	-	66,239	98,154
Trade services	256,011	-	-	256,011	220,579
Other	8,015	-	-	8,015	5,859
Reception	3,970	-	-	3,970	2,985
Insurance	7,365	2,495	-	9,860	7,137
Professional services	-	11,828	-	11,828	8,971
Operating expenses	1,950	3,052	-	5,002	6,596
Vehicle expenses	3,364	3,363	3,363	10,090	8,747
Travel	1,545	1,545	1,545	4,635	3,609
Training materials	-	5,431	-	5,431	8,580
<b>Total expenses</b>	<b>\$ 558,863</b>	<b>\$ 86,727</b>	<b>\$ 109,209</b>	<b>\$ 754,799</b>	<b>\$ 693,503</b>

# REBUILDING TOGETHER OF RICHMOND

## Statement of Cash Flows

Years Ended June 30, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (130,371)	\$ (6,466)
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
Depreciation	8,091	7,153
Bad debt expense	8,500	-
Change in assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	10,935	(76,593)
Other current assets	(1,483)	1,937
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	55,169	(695)
Deferred revenue	45,000	-
Net cash (used in) operating activities	<u>(4,159)</u>	<u>(74,664)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(4,650)	(2,310)
Net cash (used in) investing activities	<u>(4,650)</u>	<u>(2,310)</u>
Net (decrease) in cash and cash equivalents	(8,809)	(76,974)
Cash and cash equivalents, beginning	<u>238,168</u>	315,142
Cash and cash equivalents, ending	<u>\$ 229,359</u>	<u>\$ 238,168</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES</b>		
Donated materials and supplies	<u>\$ 69,716</u>	<u>\$ 47,618</u>



# REBUILDING TOGETHER OF RICHMOND

## Notes to Financial Statements

June 30, 2019

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### **NOTE 1. NATURE OF ORGANIZATION, ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

#### *Nature of organization and activities*

Rebuilding Together of Richmond, the “Organization,” is a nonprofit organization located in Central Virginia that provides no cost home repairs, updates, and safety modifications to homes owned and occupied by low income and disabled persons. The mission of this organization is to improve the homes and lives of low-income homeowners by improving the safety and health of their homes and to revitalize communities. With the financial support of the community and the contributions of many volunteers, repairs and rehabilitation of residences are made possible to low income and disabled citizens who are unable to care for their homes due to their physical and financial limitations. In addition, the Safe at Home program provides specific safety modifications and improvements to qualified homes to prevent or reduce fall hazards, a common risk among older adults. Modifications could include the installation of grab bars in bathrooms and handrails for the stairs, improved lighting throughout the house, and smoke and carbon monoxide detectors, all of which enable homeowners to remain in their homes, safely. The majority of the Organization’s revenue and support is from grants and contributions.

A summary of the Organization’s significant accounting policies follows:

#### *Financial statement presentation*

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The net asset classes are summarized as follows:

Net assets without donor restrictions are not subject to any donor-imposed restrictions and include revenue and expenses of the Organization’s daily operations.

Net assets without donor restrictions - board designated net assets are not subject to any donor-imposed restrictions but represent funds specifically set aside by the board to be used for certain activities. During the year ended June 30, 2017, the board voted to set aside funds for the Organization’s sustainability challenge.

# REBUILDING TOGETHER OF RICHMOND

## Notes to Financial Statements

June 30, 2019

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### **NOTE 1. NATURE OF ORGANIZATION, ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net assets with donor restrictions include contributions and pledges restricted by donor designation and are reported as increases in net assets with donor restrictions. When either a restriction expires with the passage of time or by actions of the Organization, net assets with donor restrictions are released and reclassified to net assets without donor restrictions.

#### *Use of estimates in the preparation of financial statements*

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### *Cash and cash equivalents*

For purposes of reporting the statement of cash flows, the Organization includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents on the accompanying statement of financial position. The Organization's cash is in institutions whose credit ratings are monitored by management to minimize the concentration of credit risk.

#### *Pledges and Contributions receivable*

Pledges and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization records contributions receivable and unconditional promises to give at their fair market value on the date of donation. Pledges and contributions receivable are periodically evaluated for collectability based on past credit history and current financial condition. The Organization records an allowance for doubtful accounts to account for any receivables it considers uncollectible. The allowance for doubtful accounts was \$8,500 and \$0 as of June 30, 2019 and 2018, respectively. All receivables are considered due in less than one year.

# REBUILDING TOGETHER OF RICHMOND

## Notes to Financial Statements

June 30, 2019

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### NOTE 1. NATURE OF ORGANIZATION, ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Property and equipment*

Property and equipment are stated at cost. Depreciation is computed on the straight-line method over the estimated useful life of 3-5 years for office furniture, equipment, and software.

Maintenance and repairs, including replacement of minor items of physical properties, are charged to expense, while major additions are capitalized.

#### *Advertising and promotional costs*

Advertising costs are expensed in the period they are incurred.

#### *Income taxes*

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a Private Foundation. The Organization is subject to tax on any unrelated business income that it may generate.

FASB Accounting Standards Codification Topic 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Organization's management has evaluated the impact of the standard to its financial statement, but does not anticipate a material effect. The Organization is not aware of any material uncertain tax positions, and has not accrued the effect of any uncertain tax provisions as of June 30, 2019. With few exceptions, the Organization is no longer subject to income tax examinations by federal, state or local tax authorities for years before 2015.

#### *Revenue recognition*

Revenue is recognized and recorded in the period in which the income is earned. Contribution revenue is recognized when an unconditional pledge is received.

#### *Fair Value of Financial Instruments*

The carrying amounts of cash and cash equivalents, contributions and other receivables, and accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments.

# REBUILDING TOGETHER OF RICHMOND

## Notes to Financial Statements

June 30, 2019

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### **NOTE 1. NATURE OF ORGANIZATION, ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### *New Accounting Pronouncements*

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU 2016-02 defines a lease as a contract or a part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and lease liability at the present value of remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU 2016-02 is effective for the Organization in fiscal year 2022. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The Organization adopted the provisions of this new standard for the year ended June 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources (Note 2) and the allocation methodology for the statement of functional expenses (Note 1). Adoption of this standard had no effect on the overall change in net assets.

# REBUILDING TOGETHER OF RICHMOND

Notes to Financial Statements

June 30, 2019

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## NOTE 1. NATURE OF ORGANIZATION, ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *Allocation Methodology of Functional Expenses*

The costs of providing program and other activities are summarized on a functional basis in the statement of functional expenses. Certain costs have been allocated among program, management and general, and fundraising. Such allocations have been made by management on an equitable basis. The expenses that are allocated include the following:

<b>Expense</b>	<b>Method of Allocation</b>
Salaries	Time and effort
Payroll taxes	Time and effort
Employee benefits	Time and effort
Office rent	Time and effort
Promotional expense	Direct allocation
Professional development	Direct allocation
Payroll processing fees	Time and effort
Depreciation	Direct allocation
Dues, conference and retreat	Direct allocation
Supplies	Direct allocation
Project expenses	Direct allocation
Reception	Direct allocation
Insurance	Time and effort
Professional services	Direct allocation
Operating expenses	Direct allocation
Vehicle expenses	Time and effort
Travel	Time and effort
Training materials	Direct allocation

# REBUILDING TOGETHER OF RICHMOND

## Notes to Financial Statements

June 30, 2019

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### NOTE 2. LIQUIDITY AND AVAILABILITY

The Organization receives various forms of contribution revenue. General expenditures consists of costs associated with operation of the various programs. The Organization's cash flows have seasonal variations during the year. To manage liquidity, the Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Financial assets, at year-end:

Cash and cash equivalents	\$ 229,359
Contributions receivable	<u>118,214</u>
Total financial assets	\$ 347,573

Less those unavailable for general expenditure within one year, due to donor-imposed restrictions	<u>59,103</u>
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Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 288,470</u>
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### NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2019:

Office furniture, equipment and software	\$ 38,387
Less accumulated depreciation	<u>22,021</u>
	<u>\$ 16,366</u>

### NOTE 4. DONATED SERVICES AND MATERIALS

During the year ended June 30, 2019, the value of contributed services and materials meeting the requirements for recognition in the financial statements under current accounting standards has been recorded in the accompanying financial statements. In addition, a substantial number of volunteers have donated significant amounts of their time in the conduct of the Organization's mission. These services do not meet the criteria of current accounting standards and therefore have not been recorded.

The value of donated services and materials recorded in the accompanying financial statements consist of the following:

Donation of materials and supplies	\$ 69,716
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# REBUILDING TOGETHER OF RICHMOND

## Notes to Financial Statements

June 30, 2019

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### NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2019:

McCann Fund	\$ <u>59,103</u>
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The McCann Fund was established to further the mission of the Organization. The Fund has a committee that consists of three members who vote to approve the usage of funds. The committee has the discretion to recommend use of the income earned on the fund and up to 20% of the principal of the money as designated in the Fund in any calendar year.

### NOTE 6. CONCENTRATIONS

For the year ended June 30, 2019 two major contributors accounted for approximately 40% of total revenue and support. In addition as of June 30, 2019, one contributor accounted for approximately 83% of total contributions receivable.

The Organization's support and related receivables are concentrated from donors located in the same geographic region.

### NOTE 7. RETIREMENT PLAN

The Organization has a 401(k) discretionary profit sharing plan that covers all eligible employees as defined in the plan document. Employees may elect to have their compensation deferred up to 92% of gross pay. The Organization contributes 25% of employee deferrals up to 4% of each eligible employee's gross pay and may at its discretion make additional profit sharing contributions. Contribution expense under this plan for the year ended June 30, 2019 was \$4,391.

# REBUILDING TOGETHER OF RICHMOND

## Notes to Financial Statements

June 30, 2019

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### NOTE 8. OPERATING LEASES

During the year ended June 30, 2017, the Organization entered into two long-term leasing arrangements for office space and a vehicle to provide supplies and transportation to aid in the Organization's mission. The office lease expires in August 2020 and requires monthly rental payments totaling a maximum of \$1,312 per month and the vehicle lease expires in February 2021 and requires monthly rental payments of approximately \$507 per month. Rent expense under the office lease totaled \$15,436 for the year ended June 30, 2019 and lease expense under the vehicle lease totaled \$10,090 for the year ended June 30, 2019.

Total minimum future lease commitments under these leases are as follows for the years ending:

June 30, 2020	\$ 21,750
June 30, 2021	<u>6,173</u>
	\$ 27,923

### NOTE 9. SUBSEQUENT EVENTS

Subsequent to June 30, 2019, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of April 30, 2020, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possible.

On March 27, 2020, and as a result of COVID-19, the Coronavirus Aid, Relief and Economic Security Act (or "CARES" Act) became part of U.S. Law. One of the provisions of the CARES Act is the Paycheck Protection Program, which is intended to provide economic relief to small businesses and non-profit organizations in order for them to maintain their payroll and cover other qualifying overhead costs. Subsequent to June 30, 2019, the Organization received an uncollateralized loan in the amount of \$55,000 through the Paycheck Protection Program. The interest rate on the loan is 1%. Monthly payments are deferred for six months and begin in November 2020. The loan is set to mature in April 2022. The Organization may qualify for limited loan forgiveness if certain requirements of the Paycheck Protection Program are met.



# **REBUILDING TOGETHER OF RICHMOND**

## **Notes to Financial Statements**

**June 30, 2019**

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### **NOTE 9. SUBSEQUENT EVENTS (Continued)**

Management has evaluated subsequent events through April 30, 2020, the date which the financial statements were available for issue.

### **NOTE 10. PRIOR-YEAR SUMMARIZED COMPARATIVE INFORMATION**

The financial statements include certain prior-year summarized comparative information in total but not by 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 June 30, 2018, from which the summarized information was derived.