Rebuilding Together of Richmond

Financial Report

June 30, 2017

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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, 2017, 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, 2017, 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 2016 financial statements, and our report dated November 14, 2016, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Correction of Error

As discussed in Note 9 to the financial statements, an error resulting in the understatement of temporarily net assets and the overstatement of unrestricted net assets was made. Management discovered the error during the year ended June 30, 2017. The ending net assets balances have been adjusted for 2016 to correct the error. Our opinion is not modified with respect to that matter.

Frank Barcalow CPA P.L.L.C.

Richmond, Virginia
November 27, 2017

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REBUILDING TOGETHER OF RICHMOND

Statement of Financial Position

June 30, 2017 with Comparative Totals as of June 30, 2016

		2017		2016 (Restated)
ASSETS				
Cash and cash equivalents	**$**	**315,142**	$	173,174
Contributions receivable		**61,056**		55,134
Other current assets		**2,937**		3,264
Total current assets		**379,135**		231,572
Property and equipment, net		**24,650**		6,216
Total assets	**$**	**403,785**	$	237,788
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	**$**	**13,223**	$	8,419
Total current liabilities		**13,223**		8,419
Net assets				
Unrestricted		**300,797**		141,529
Board designated		**6,000**		-
Temporarily restricted		**83,765**		87,840
Total net assets		**390,562**		229,369
Total liabilities and net assets	**$**	**403,785**	$	237,788

REBUILDING TOGETHER OF RICHMOND

Statement of Activities

Year Ended June 30, 2017, with Comparative Totals for the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Totals 2017	Totals 2016
Revenue and support:				
Contributions	$ 631,015	$ 5,000	$ 636,015	$ 461,344
Interest income	117	7	124	307
Special event, less direct expenses of $6,681	17,790	-	17,790	-
Loss on disposal of property and equipment	-	-	-	(754)
	648,922	5,007	653,929	460,897
Net assets released from restrictions:				
Satisfaction of program restrictions	9,082	(9,082)	-	-
Total revenue and support	658,004	(4,075)	653,929	460,897
Expenses:				
Program services	490,764	-	490,764	389,306
Management and general	44,066	-	44,066	45,481
Fundraising	87,436	-	87,436	52,003
Total expenses	622,266	-	622,266	486,790
Change in net assets	35,738	(4,075)	31,663	(25,893)
Net assets, beginning	150,611	78,758	229,369	255,262
Restatement of prior year net assets	(9,082)	9,082	-	-
Acquisition of net assets	129,530	-	129,530	-
Net assets, ending	$ 306,797	$ 83,765	$ 390,562	$ 229,369

REBUILDING TOGETHER OF RICHMOND

Statement of Functional Expenses

Year Ended June 30, 2017, with Comparative Totals for the Year Ended June 30, 2016

	Program Services	Management and General	Fundraising	Totals 2017	Totals 2016
Salaries	$ 118,330	$ 10,409	$ 66,194	$ 194,933	$ 168,916
Payroll taxes	8,404	739	4,701	13,844	13,454
Employee benefits	8,258	726	4,619	13,603	9,294
Office rent	10,800	1,800	1,800	14,400	12,656
Promotional expense	-	-	5,698	5,698	3,998
Professional development	-	-	651	651	-
Payroll processing fees	1,230	108	688	2,026	2,601
Depreciation	-	3,557	-	3,557	1,085
Dues, conference and retreat	21,924	1,111	-	23,035	20,394
Supplies	2,249	2,249	2,248	6,746	4,682
Storage rental	-	-	-	-	292
Project expenses:					
Materials	122,215	-	-	122,215	103,664
Trade services	171,248	-	-	171,248	107,225
Other	5,289	-	-	5,289	5,426
Reception	1,880	-	-	1,880	1,903
Insurance	5,375	2,528	-	7,903	4,447
Professional services	-	10,813	-	10,813	10,546
Operating expenses	1,915	2,996	-	4,911	6,842
Vehicle expenses	10,809	-	-	10,809	4,222
Travel	838	838	837	2,513	3,954
Training materials	-	6,192	-	6,192	1,189
Total expenses	$ 490,764	$ 44,066	$ 87,436	$ 622,266	$ 486,790

REBUILDING TOGETHER OF RICHMOND

Statement of Cash Flows

Years Ended June 30, 2017 and 2016

		2017		2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	**$**	**31,663**	$	(25,893)
Adjustments to reconcile change in net assets				
to net cash provided by (used in) operating activities:				
Loss on disposal of property and equipment		**-**		754
Depreciation		**3,557**		1,085
Change in assets and liabilities:				
(Increase) decrease in assets:				
Contributions receivable		**(5,922)**		(41,043)
Other current assets		**327**		(2,714)
Increase (decrease) in liabilities:				
Accounts payable and accrued expenses		**4,804**		3,916
Deferred revenue		**-**		(3,000)
Net cash provided by (used in) operating activities		**34,429**		(66,895)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of net assets		**129,530**		-
Purchase of property and equipment		**(21,991)**		(6,394)
Net cash used in investing activities		**107,539**		(6,394)
Net change in cash and cash equivalents		**141,968**		(73,289)
Cash and cash equivalents, beginning		**173,174**		246,463
Cash and cash equivalents, ending	**$**	**315,142**	$	173,174
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES				
Donated materials and supplies	**$**	**58,417**	$	38,136

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.

During the year ended June 30, 2017, the Organization acquired the net assets of another not-for-profit organization named Rebuilding Together Tri-Cities in a merger transaction. This Organization has a shared mission in the Tri-Cities area of Central Virginia and since the merger has ceased operations. As a result of this merger, the Organization now serves the entire Central Virginia Region.

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

Financial statement presentation

Under current accounting standards, the Organization 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. The net asset classes are summarized as follows:

Unrestricted net assets are not subject to any donor-imposed restrictions and include revenue and expenses of the Organization’s daily operations.

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.

(Continued)

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

Temporarily restricted net assets include contributions and pledges restricted by donor designation and are reported as increases in temporarily restricted net assets. When a restriction expires either with the passage of time or by actions of the Organization, temporarily restricted net assets are released and reclassified to unrestricted net assets.

Permanently restricted net assets include contributions restricted by donor imposed stipulations that they be maintained permanently by the Organization. The Organization currently has no permanently restricted net assets.

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. As of June 30, 2017, no allowance was considered necessary by management and all receivables are due in less than one year.

(Continued)

NOTE 1. NATURE OF ORGANIIZATION, 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, 2017. With few exceptions, the Organization is no longer subject to income tax examinations by federal, state or local tax authorities for years before 2013.

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.

NOTE 1. NATURE OF ORGANIIZATION, 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 2021. 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, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets currently presented on the statement of financial position with two classes of net assets, which are based on the existence or absence of donor-implied restrictions. ASU 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk. The guidance requires all not-for-profit entities to present expenses by both their natural and functional classification in a single location in the financial statements. ASU 2016-14 is effective for the Organization in fiscal year 2019. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption of ASU 2016-14 will have on its financial statements.

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2017:

Office furniture, equipment and software	$	31,427
Less accumulated depreciation		6,777
	$	24,650

NOTE 3. DONATED SERVICES AND MATERIALS

During the year ended June 30, 2017, 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	$	58,417

NOTE 4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2017:

McCann Fund	$	83,765

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 5. CONCENTRATIONS

For the year ended June 30, 2017 one major donor accounted for approximately 19% of total revenue and support.

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

NOTE 6. 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, 2017 was $414.

NOTE 7. 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 $14,400 for the year ended June 30, 2017 and lease expense under the vehicle lease totaled $6,084 for the year ended June 30, 2017.

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

June 30, 2018	$ 20,484
June 30, 2019	21,286
June 30, 2020	21,750
June 30, 2021	6,173
	$ 69,693

NOTE 8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 27, 2017, the date which the financial statements were available for issue.

NOTE 9. RESTATEMENT PRIOR YEAR NET ASSETS

During the year ended June 30, 2016 the Organization received funds of $9,082 that were not completely expended at the end of the year. These funds should have been shown as temporarily restricted net assets as of June 30, 2016. Temporarily restricted net assets as of June 30, 2016 were restated to correct this error.

NOTE 10. ACQUISITION OF NET ASSETS

Effective July 1, 2016 the Organization acquired the net assets of Rebuilding Together Tri-Cities in a merger transaction. Total assets consisting of cash of $129,530 were acquired and were included in the Organization's statement of financial position at the time of the merger.

NOTE 11. 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, 2016, from which the summarized information was derived.