

**REBUILDING TOGETHER/
ARLINGTON/FAIRFAX/FALLS CHURCH, INC.**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

YEARS ENDED JUNE 30, 2015 AND 2014

**REBUILDING TOGETHER/
ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
YEARS ENDED JUNE 30, 2015 AND 2014**

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Bernard M. Gordon, CPA, PLC

Certified Public Accountant and Consultant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Rebuilding Together/Arlington/Fairfax/Falls Church, Inc.

I have audited the accompanying financial statements of Rebuilding Together/Arlington/Fairfax/Falls Church, Inc. (a not-for-profit corporation), which consist of the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rebuilding Together/Arlington/Fairfax/Falls Church, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bernard M. Gordon, CPA, PLC

January 21, 2016

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 and 2014

ASSETS

	2015	2014
Cash and cash equivalents	\$ 153,604	\$ 75,325
Receivable for costs recoverable under government grants	27,968	57,585
Contributions receivable - affiliate	16,429	25,000
Sponsorships and other receivables	12,875	4,670
Prepaid expenses	6,909	6,290
Property and equipment, net	4,286	6,515
Other assets	146	-
TOTAL ASSETS	\$ 222,217	\$ 175,385

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 12,533	\$ 26,562
Accrued vacation	5,602	5,483
Other accrued expenses	8,600	8,200
TOTAL LIABILITIES	26,735	40,245

NET ASSETS

Unrestricted	175,740	135,140
Temporarily restricted	19,742	-
TOTAL NET ASSETS	195,482	135,140

TOTAL LIABILITIES AND NET ASSETS	\$ 222,217	\$ 175,385
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See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2015 AND 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>(Unrestricted) 2014 Total</u>
REVENUE AND OTHER SUPPORT				
Contributed professional labor, materials, office use, and other	\$ 397,147	-	397,147	\$ 377,993
Sponsorships	154,492	-	154,492	129,840
Government grants	142,500	-	142,500	131,000
Contributions - affiliates	40,628	-	40,628	80,000
Contributions	51,977	\$ 25,000	76,977	39,984
Special events	5,674	-	5,674	7,997
Less: Costs of direct benefits to donors	(4,027)	-	(4,027)	(4,945)
Other	-	-	-	364
Net assets released from restrictions	5,258	(5,258)	0	-
TOTAL REVENUE AND OTHER SUPPORT	<u>793,649</u>	<u>19,742</u>	<u>813,391</u>	<u>762,233</u>
EXPENSES				
Program services	692,184	-	692,184	671,208
Fundraising	4,610	-	4,610	6,028
General and administrative	56,255	-	56,255	69,506
TOTAL EXPENSES	<u>753,049</u>	<u>-</u>	<u>753,049</u>	<u>746,742</u>
CHANGE IN NET ASSETS	40,600	19,742	60,342	15,491
NET ASSETS AT BEGINNING OF YEAR	<u>135,140</u>	<u>-</u>	<u>135,140</u>	<u>119,649</u>
NET ASSETS AT END OF YEAR	<u>\$ 175,740</u>	<u>\$ 19,742</u>	<u>\$ 195,482</u>	<u>\$ 135,140</u>

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	<u>Program Services</u>	<u>Fund- raising</u>	<u>General and Administrative</u>	<u>Grand Total</u>
Contributed professional labor, materials, office use, and other	\$ 373,981	\$ -	\$ 21,670	\$ 395,651
Salaries	130,268	2,129	21,312	153,709
Payroll taxes	10,055	166	1,587	11,808
Materials and waste disposal	78,549	-	-	78,549
Contractors	28,397	-	236	28,633
Dues - affiliate	8,472	140	1,517	10,129
Bookkeeping	7,236	120	1,307	8,663
Audit and tax preparation	7,193	119	1,288	8,600
Insurance	5,208	87	1,130	6,425
Signage and T-shirts	5,614	-	-	5,614
Travel	5,207	49	172	5,428
Printing and copying	3,399	1,485	283	5,167
Supplies and postage	4,683	73	254	5,010
Rent - office	4,015	67	718	4,800
Meeting and events	4,573	45	143	4,761
Rent - storage	3,909	-	-	3,909
Telecommunications	2,983	49	534	3,566
Training	2,580	-	25	2,605
Depreciation	-	-	2,229	2,229
Website and e-mail	1,351	22	242	1,615
Software, government fees, and other	4,511	59	1,608	6,178
Total expenses	<u>\$ 692,184</u>	<u>\$ 4,610</u>	<u>\$ 56,255</u>	<u>\$ 753,049</u>

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

	<u>Program Services</u>	<u>Fund- raising</u>	<u>General and Administrative</u>	<u>Grand Total</u>
Contributed professional labor, materials, office use, and other	\$ 365,299	\$ -	\$ 11,220	\$ 376,519
Salaries	111,324	2,441	24,421	138,186
Payroll taxes	8,862	193	1,947	11,002
Materials and waste disposal	88,462	-	-	88,462
Contractors	38,727	-	-	38,727
Dues - affiliate	7,158	135	2,457	9,750
Bookkeeping	8,736	124	1,082	9,942
AmeriCorps participation fee - affiliate	-	-	8,850	8,850
Audit and tax preparation	-	-	8,200	8,200
Insurance	4,833	142	758	5,733
Signage and T-shirts	5,986	-	-	5,986
Travel	4,271	60	566	4,897
Printing and copying	2,529	2,283	567	5,379
Supplies and postage	2,468	386	1,106	3,960
Rent - office	3,727	70	1,003	4,800
Meeting and events	4,476	98	1,783	6,357
Rent - storage	3,683	-	-	3,683
Telecommunications	2,249	43	430	2,722
Training	1,759	-	329	2,088
Depreciation	-	-	2,274	2,274
Website and e-mail	655	9	91	755
Software, government fees, and other	6,004	44	2,422	8,470
Total expenses	<u>\$ 671,208</u>	<u>\$ 6,028</u>	<u>\$ 69,506</u>	<u>\$ 746,742</u>

See notes to financial statements.

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REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 60,342	\$ 15,491
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,229	2,274
(Increase) decrease in operating assets		
Receivable for costs recoverable under government grants	29,617	(17,438)
Contributions receivable - affiliate	8,571	(15,250)
Sponsorships and other receivables	(8,205)	5,330
Prepaid expenses	(619)	(2,632)
Other assets	(146)	-
Increase (decrease) in operating liabilities		
Accounts payable	(14,029)	24,735
Accrued payroll and payroll taxes	-	(6,422)
Accrued vacation	119	596
Other accrued expenses	400	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>78,279</u>	<u>6,684</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(1,840)
NET CASH USED BY INVESTING ACTIVITIES	<u>-</u>	<u>(1,840)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	78,279	4,844
CASH AND CASH EQUIVALENTS - BEGINNING	<u>75,325</u>	<u>70,481</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 153,604</u>	<u>\$ 75,325</u>

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

1. NATURE OF ACTIVITIES

Rebuilding Together/Arlington/Fairfax/Falls Church, Inc. ("RTAFF") organizes housing rehabilitation projects to repair the homes of low-income homeowners residing in Arlington County, Fairfax County, the City of Fairfax, and the City of Falls Church, Virginia. RTAFF also provides these services to group homes and shelters operated by other not-for-profit organizations. Rehabilitations are done at no cost to the homeowner. A significant portion of the work is performed by volunteers. RTAFF was incorporated in December 2010 in Virginia and is an independent not-for-profit organization. RTAFF is affiliated with Rebuilding Together, Inc., a not-for-profit organization that serves as the "national office" for RTAFF and approximately 160 similar organizations that use the Rebuilding Together name.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial reporting framework

RTAFF presents its financial statements in accordance with United States generally accepted accounting principles for not-for-profit organizations. RTAFF 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.

Grants and contributions

Grants and contributions are recognized as revenue in the period received or unconditionally promised, whichever is earlier. They are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. Grants and contributions restricted by the donor are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Government grants

Government grants are cost reimbursable grants. They are considered exchange transactions and are recognized as unrestricted revenue to the extent of allowable direct and indirect costs incurred.

Cash and cash equivalents

RTAFF considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts receivable

RTAFF considers accounts receivable to be fully collectible and, therefore, no allowance for doubtful accounts is required.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

Property and equipment

RTAFF capitalizes property and equipment acquisitions of \$500 or more at cost. Equipment is depreciated using the straight-line method over the estimated useful life of three to five years.

Income taxes

RTAFF is a not-for-profit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Restrictions met in year contribution received

RTAFF reports all temporarily restricted contributions whose restrictions are met in the same year as unrestricted contributions.

Concentration of credit risk

RTAFF maintains cash balances at a bank. At June 30, 2015, all of RTAFF's cash balances are insured by the FDIC.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

3. CONTRIBUTED PROFESSIONAL LABOR, MATERIALS, OFFICE USE, AND OTHER

RTAFF recognized revenue in the June 30, 2015 and 2014 Statements of Activities for the fair value of the following contributed professional labor, materials, office use, and other:

	<u>2015</u>	<u>2014</u>
Professional labor	\$ 374,739	\$ 350,071
Materials	10,599	14,997
Office use	5,700	5,700
Supplies, equipment and other	6,109	7,225
	<u>\$ 397,147</u>	<u>\$ 377,993</u>

In addition, for the years ended June 30, 2015 and 2014 RTAFF received approximately 6,400 and 6,900 hours, respectively of contributed unskilled labor from volunteers who assist the organization in a variety of tasks. The value of these services for the years ended June 30, 2015 and 2014 is estimated at \$144,000 and \$152,000, respectively. No revenue has been recognized for these services in the Statements of Activities because they do not meet the criteria for recognition under generally accepted accounting principles.

**REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014**

4. OPERATING LEASES

RTAFF leases its office space at below market rent under a month-to-month lease. In addition, RTAFF rents storage space under a month-to-month agreement.

Rent expense for the years ended June 30, 2015 and 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
Contributed office use	\$ 5,700	\$ 5,700
Rent - office	\$ 4,800	\$ 4,800
Rent - storage	\$ 3,909	\$ 3,683

5. REVENUE CONCENTRATION

During the years ended June 30, 2015 and 2014, approximately 18% and 17%, respectively of total revenue was derived from two local government grants.

6. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 and 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
Computers	\$ 3,290	\$ 3,290
Furniture and equipment	<u>6,064</u>	<u>6,064</u>
	9,354	9,354
Less: accumulated depreciation	<u>5,068</u>	<u>2,839</u>
	<u>\$ 4,286</u>	<u>\$ 6,515</u>

7. RELATED PARTY TRANSACTIONS

Under the terms of an Affiliation Partnership Agreement between RTAFF and Rebuilding Together, Inc., RTAFF has been granted the authority to use the "Rebuilding Together" name and service mark (logo) and has agreed to operate its program according to certain standards.

During the years ended June 30, 2015 and 2014, RTAFF recognized contribution revenue of \$40,628 and \$80,000, respectively from Rebuilding Together, Inc.

Under an arrangement with Rebuilding Together, Inc., RTAFF received the full-time services of an AmeriCorps volunteer during the year ended June 30, 2014. RTAFF incurred an AmeriCorps participation fee to Rebuilding Together, Inc. for the year ended June 30, 2014 of \$8,850.

For the years ended June 30, 2015 and 2014, RTAFF incurred \$10,129 and \$9,750, respectively of dues expense to Rebuilding Together, Inc.

At June 30, 2015 and 2014, RTAFF has a \$16,429 and \$25,000, respectively contribution receivable from Rebuilding Together, Inc.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2015 consists of \$19,742 for the RT Express program.

During the year ended June 30, 2015, \$5,258 was released from temporarily restricted net assets to unrestricted net assets due to satisfying the restricted purpose specified by the donor.

9. EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among program services, fundraising, and general and administrative categories.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 20, 2016, the date the financial statements were available to be issued.