

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

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

YEARS ENDED JUNE 30, 2017 AND 2016

**REBUILDING TOGETHER/
ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
YEARS ENDED JUNE 30, 2017 AND 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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

March 9, 2018

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 and 2016

ASSETS

	2017	2016
Cash and cash equivalents	\$ 201,651	\$ 173,871
Receivable for costs recoverable under government grants	46,283	18,946
Contributions receivable - affiliate	3,000	13,000
Sponsorships and other receivables	8,700	11,190
Prepaid expenses	7,931	7,354
Property and equipment, net	7,674	4,042
Other assets	-	811
TOTAL ASSETS	\$ 275,239	\$ 229,214

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 35,731	\$ 21,405
Accrued vacation	6,845	5,602
Other accrued expenses	9,000	11,990
TOTAL LIABILITIES	51,576	38,997
 NET ASSETS		
Unrestricted	136,197	166,922
Temporarily restricted	87,466	23,295
TOTAL NET ASSETS	223,663	190,217
TOTAL LIABILITIES AND NET ASSETS	\$ 275,239	\$ 229,214

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributed professional labor, materials, office use, and other	\$ 546,574	\$ -	\$ 546,574
Sponsorships	121,599	-	121,599
Government grants	171,968	-	171,968
Contributions - affiliate	15,000	-	15,000
Contributions	60,956	127,500	188,456
Net assets released from restrictions	<u>63,329</u>	<u>(63,329)</u>	<u>0</u>
TOTAL REVENUE AND OTHER SUPPORT	979,426	64,171	1,043,597
EXPENSES			
Program services	934,272	-	934,272
Fundraising	6,387	-	6,387
General and administrative	<u>69,492</u>	<u>-</u>	<u>69,492</u>
TOTAL EXPENSES	1,010,151	-	1,010,151
CHANGE IN NET ASSETS	(30,725)	64,171	33,446
NET ASSETS AT BEGINNING OF YEAR	<u>166,922</u>	<u>23,295</u>	<u>190,217</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 136,197</u></u>	<u><u>\$ 87,466</u></u>	<u><u>\$ 223,663</u></u>

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributed professional labor, materials, office use, and other	\$ 421,325	\$ -	\$ 421,325
Sponsorships	125,760	-	125,760
Government grants	144,434	-	144,434
Contributions - affiliate	25,000	-	25,000
Contributions	35,445	50,000	85,445
Special events	2,253	-	2,253
Less: Cost of direct benefits to donors	(888)	-	(888)
Net assets released from restrictions	<u>46,447</u>	<u>(46,447)</u>	<u>0</u>
TOTAL REVENUE AND OTHER SUPPORT	799,776	3,553	803,329
EXPENSES			
Program services	745,286	-	745,286
Fundraising	2,858	-	2,858
General and administrative	<u>60,450</u>	<u>-</u>	<u>60,450</u>
TOTAL EXPENSES	808,594	-	808,594
CHANGE IN NET ASSETS	(8,818)	3,553	(5,265)
NET ASSETS AT BEGINNING OF YEAR	<u>175,740</u>	<u>19,742</u>	<u>195,482</u>
NET ASSETS AT END OF YEAR	<u>\$ 166,922</u>	<u>\$ 23,295</u>	<u>\$ 190,217</u>

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	Program Services	Fund- raising	General and Administrative	Grand Total
Contributed professional labor, materials, office use, and other	\$ 529,105	\$ -	\$ 17,469	\$ 546,574
Salaries	175,261	1,293	28,381	204,935
Payroll taxes	13,454	99	2,177	15,730
Materials, waste disposal and permits	72,393	-	362	72,755
Contractors	34,606	-	3,764	38,370
Consulting fee - RT Express	24,370	-	-	24,370
Dues - affiliate	10,411	-	1,840	12,251
Contract services	5,988	4,800	665	11,453
Audit and tax preparation	7,650	-	1,350	9,000
Bookkeeping	7,417	-	1,308	8,725
Rent - office	7,140	-	1,260	8,400
Training and project support	5,410	45	2,741	8,196
Travel	7,215	-	412	7,627
Insurance	5,310	-	937	6,247
Signage and T-shirts	5,372	-	-	5,372
Printing and copying	4,121	-	281	4,402
Rent - storage	4,242	-	-	4,242
Contract services - affiliate	3,769	-	-	3,769
Telecommunications	3,169	-	556	3,725
Supplies and postage	3,015	-	398	3,413
Meeting and events	1,355	-	1,397	2,752
Depreciation	-	-	2,172	2,172
Website and e-mail	969	-	171	1,140
Software, government fees, and other	2,530	150	1,851	4,531
Total expenses	\$ 934,272	\$ 6,387	\$ 69,492	\$ 1,010,151

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	Program Services	Fund- raising	General and Administrative	Grand Total
Contributed professional labor, materials, office use, and other	\$ 410,973	\$ -	\$ 9,815	\$ 420,788
Salaries	135,408	1,655	31,758	168,821
Payroll taxes	10,405	127	2,442	12,974
Materials, waste disposal and permits	77,452	-	444	77,896
Contractors	12,535	-	129	12,664
Consulting fee - RT Express	31,481	-	-	31,481
Dues - affiliate	10,178	124	2,391	12,693
Contract services	4,476	457	122	5,055
Audit and tax preparation	6,898	84	1,618	8,600
Bookkeeping	6,828	83	1,589	8,500
Rent - office	3,850	47	903	4,800
Training and project support	4,944	-	130	5,074
Travel	3,301	87	226	3,614
Insurance	4,814	59	1,126	5,999
Signage and T-shirts	3,779	-	-	3,779
Printing and copying	3,714	24	476	4,214
Rent - storage	3,971	-	-	3,971
Telecommunications	2,861	35	665	3,561
Supplies and postage	3,091	34	645	3,770
Meeting and events	174	-	1,598	1,772
Depreciation	-	-	2,243	2,243
Website and e-mail	688	8	168	864
Software, government fees, and other	3,465	34	1,962	5,461
Total expenses	<u>\$ 745,286</u>	<u>\$ 2,858</u>	<u>\$ 60,450</u>	<u>\$ 808,594</u>

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 33,446	\$ (5,265)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	2,172	2,243
Loss on disposal of computers	-	377
(Increase) decrease in operating assets		
Receivable for costs recoverable under government grants	(27,337)	9,022
Contributions receivable - affiliate	10,000	3,429
Sponsorships and other receivables	2,490	1,685
Prepaid expenses	(577)	(445)
Other assets	811	(665)
Increase (decrease) in operating liabilities		
Accounts payable	14,326	8,872
Accrued vacation	1,243	-
Other accrued expenses	(2,990)	3,390
NET CASH PROVIDED BY OPERATING ACTIVITIES	33,584	22,643
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,804)	(2,376)
NET CASH USED BY INVESTING ACTIVITIES	(5,804)	(2,376)
NET INCREASE IN CASH AND CASH EQUIVALENTS	27,780	20,267
CASH AND CASH EQUIVALENTS - BEGINNING	173,871	153,604
CASH AND CASH EQUIVALENTS - ENDING	\$ 201,651	\$ 173,871

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

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 150 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.

Contributions and non-government grants

Contributions and non-government grants 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.

Receivables

RTAFF considers all receivables to be fully collectible and, therefore, there is no allowance for doubtful accounts. RTAFF does not require collateral for receivables.

Property and equipment

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

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

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.

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. CONCENTRATIONS OF CREDIT RISK

RTAFF maintains cash balances at a bank. At June 30, 2017, all of RTAFF's cash balances are insured by the Federal Deposit Insurance Corporation.

At June 30, 2017, RTAFF has a \$46,283 receivable from a northern Virginia local government. This receivable was collected in July 2017.

4. REVENUE CONCENTRATION

During the years ended June 30, 2017 and 2016, approximately 16% and 18%, respectively of total revenue was derived from two local government grants.

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

RTAFF recognized revenue in the June 30, 2017 and 2016 Statements of Activities for the fair value of the following contributed professional labor, materials, office use, and other:

	2017	2016
Professional labor	\$ 475,692	\$ 396,149
Materials	52,948	12,105
Office use	8,490	5,700
Supplies, equipment and other	9,444	7,371
	\$ 546,574	\$ 421,325

In addition, for the years ended June 30, 2017 and 2016 RTAFF received approximately 5,400 and 6,700 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, 2017 and 2016 is estimated at \$140,000 and \$167,000, 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, 2017 AND 2016**

6. 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, 2017 and 2016 consists of the following:

	<u>2017</u>	<u>2016</u>
Contributed office use	\$ 8,490	\$ 5,700
Rent - office	\$ 8,400	\$ 4,800
Rent - storage	\$ 4,242	\$ 3,971

7. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2017 and 2016 consists of the following:

	<u>2017</u>	<u>2016</u>
Computers	\$ 9,171	\$ 4,407
Furniture and equipment	7,104	6,064
	<u>16,275</u>	<u>10,471</u>
Less: accumulated depreciation	8,601	6,429
	<u>\$ 7,674</u>	<u>\$ 4,042</u>

8. 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, 2017 and 2016, RTAFF recognized contribution revenue of \$15,000 and \$25,000, respectively from Rebuilding Together, Inc.

For the years ended June 30, 2017 and 2016, RTAFF incurred \$12,251 and \$12,693, respectively of dues expense to Rebuilding Together, Inc.

For the year ended June 30, 2017, RTAFF incurred a \$3,769 contract service expense to Rebuilding Together, Inc.

At June 30, 2017 and 2016, RTAFF has a \$3,000 and \$13,000, respectively contribution receivable from Rebuilding Together, Inc.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2017 and 2016 consists of \$87,466 and \$23,295, respectively to develop the RT Express program, improve administrative infrastructure, and perform home renovations.

During the years ended June 30, 2017 and 2016, \$63,329 and \$46,447, respectively was released from temporarily restricted net assets to unrestricted net assets due to satisfying the restricted purposes specified by the donors.

10. 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.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 9, 2018, the date the financial statements were available to be issued.