

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

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

YEARS ENDED JUNE 30, 2020 AND 2019

**REBUILDING TOGETHER/
ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
YEARS ENDED JUNE 30, 2020 AND 2019**

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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, 2020 and 2019, 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, 2020 and 2019, 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

February 25, 2021

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 and 2019

ASSETS

	2020	2019
Cash and cash equivalents	\$ 306,403	\$ 184,897
Receivable for costs recoverable under government grants	19,139	62,092
Contribution receivable - affiliate	30,000	-
Sponsorships and other receivables	31,040	25,665
Prepaid expenses	9,997	9,187
Property and equipment, net	7,168	12,592
TOTAL ASSETS	\$ 403,747	\$ 294,433

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 8,394	\$ 14,394
Accrued vacation	10,809	12,274
Refundable advance - Paycheck Protection Program	21,040	-
Other accrued expenses	9,720	9,500
TOTAL LIABILITIES	49,963	36,168
 NET ASSETS		
Without donor restrictions	277,669	201,190
With donor restrictions	76,115	57,075
TOTAL NET ASSETS	353,784	258,265
TOTAL LIABILITIES AND NET ASSETS	\$ 403,747	\$ 294,433

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUE AND OTHER SUPPORT			
Contributed professional labor, materials, office use, and other	\$ 232,855	\$ -	\$ 232,855
Government grants	212,934	25,000	237,934
Contributions	145,141	62,000	207,141
Contributions - affiliate	-	38,031	38,031
Contribution - Paycheck Protection Program	31,060	-	31,060
Sponsorships	75,008	-	75,008
Net assets released from restrictions			
Satisfaction of purpose restrictions	105,991	(105,991)	0
TOTAL REVENUE AND OTHER SUPPORT	<u>802,989</u>	<u>19,040</u>	<u>822,029</u>
EXPENSES			
Program services	644,273	-	644,273
Fundraising	26,255	-	26,255
General and administrative	55,982	-	55,982
TOTAL EXPENSES	<u>726,510</u>	<u>-</u>	<u>726,510</u>
CHANGE IN NET ASSETS	76,479	19,040	95,519
NET ASSETS AT BEGINNING OF YEAR	<u>201,190</u>	<u>57,075</u>	<u>258,265</u>
NET ASSETS AT END OF YEAR	<u>\$ 277,669</u>	<u>\$ 76,115</u>	<u>\$ 353,784</u>

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUE AND OTHER SUPPORT			
Contributed professional labor, materials, office use, and other	\$ 459,386	\$ -	\$ 459,386
Government grants	220,000	-	220,000
Contributions	76,076	79,925	156,001
Contributions - affiliate	37,000	5,000	42,000
Sponsorships	118,500	-	118,500
Net assets released from restrictions			
Satisfaction of purpose restrictions	49,340	(49,340)	0
TOTAL REVENUE AND OTHER SUPPORT	<u>960,302</u>	<u>35,585</u>	<u>995,887</u>
EXPENSES			
Program services	845,765	-	845,765
Fundraising	8,107	-	8,107
General and administrative	72,966	-	72,966
TOTAL EXPENSES	<u>926,838</u>	<u>-</u>	<u>926,838</u>
CHANGE IN NET ASSETS	33,464	35,585	69,049
NET ASSETS AT BEGINNING OF YEAR	<u>167,726</u>	<u>21,490</u>	<u>189,216</u>
NET ASSETS AT END OF YEAR	<u>\$ 201,190</u>	<u>\$ 57,075</u>	<u>\$ 258,265</u>

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services	Fund- raising	General and Administrative	Grand Total
Salaries	\$ 249,913	\$ 4,581	\$ 17,654	\$ 272,148
Payroll taxes	17,390	319	3,158	20,867
Contributed professional labor, materials, office use, and other	224,475	975	7,405	232,855
Contract services	23,520	13,729	4,748	41,997
Materials, waste disposal and permits	30,664	-	51	30,715
Dues - affiliate	11,165	135	2,153	13,453
Bookkeeping	8,881	107	1,712	10,700
Audit and tax preparation	8,051	97	1,552	9,700
Rent - office	7,968	96	1,536	9,600
Insurance	7,833	17	987	8,837
Printing and copying	3,130	3,910	-	7,040
Depreciation	-	-	7,961	7,961
Travel	7,345	90	479	7,914
Contractors	7,158	-	-	7,158
Training and project support	6,731	-	-	6,731
Supplies and postage	4,852	713	713	6,278
Retirement	4,867	99	808	5,774
Rent - storage	5,268	-	86	5,354
Telecommunications	2,621	32	504	3,157
Personal care products	3,065	-	-	3,065
Website and e-mail	1,666	20	321	2,007
Meeting and events	1,075	-	921	1,996
Signage and T-shirts	1,317	-	100	1,417
Other	5,318	1,335	3,133	9,786
Total expenses	<u>\$ 644,273</u>	<u>\$ 26,255</u>	<u>\$ 55,982</u>	<u>\$ 726,510</u>

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services	Fund- raising	General and Administrative	Grand Total
Salaries	\$ 196,467	\$ 4,200	\$ 32,396	\$ 233,063
Payroll taxes	15,067	321	2,485	17,873
Contributed professional labor, materials, office use, and other	445,476	1,077	12,833	459,386
Contract services	12,137	-	2,010	14,147
Materials, waste disposal and permits	73,189	-	-	73,189
Dues - affiliate	12,609	-	2,225	14,834
Bookkeeping	8,334	-	1,471	9,805
Audit and tax preparation	8,075	-	1,425	9,500
Rent - office	7,480	-	2,120	9,600
Insurance	5,325	-	939	6,264
Printing and copying	2,164	2,109	3	4,276
Depreciation	-	-	7,656	7,656
Travel	8,055	-	585	8,640
Contractors	17,896	-	-	17,896
Training and project support	8,540	-	-	8,540
Supplies and postage	3,130	250	398	3,778
Rent - storage	4,894	-	-	4,894
Telecommunications	2,424	-	426	2,850
Website and e-mail	1,449	-	257	1,706
Meeting and events	3,139	-	2,557	5,696
Signage and T-shirts	5,401	-	-	5,401
Other	4,514	150	3,180	7,844
Total expenses	\$ 845,765	\$ 8,107	\$ 72,966	\$ 926,838

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 95,519	\$ 69,049
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	7,961	7,656
(Increase) decrease in operating assets		
Receivable for costs recoverable under government grants	42,953	(41,658)
Contribution receivable - affiliate	(30,000)	5,400
Sponsorships and other receivables	(5,375)	(18,387)
Prepaid expenses	(810)	(4,588)
Deposit	-	2,500
Increase (decrease) in operating liabilities		
Accounts payable	(6,000)	(4,081)
Accrued vacation	(1,465)	1,406
Refundable advance - Paycheck Protection Program	21,040	-
Other accrued expenses	220	500
NET CASH PROVIDED BY OPERATING ACTIVITIES	124,043	17,797
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,537)	(954)
NET CASH USED BY INVESTING ACTIVITIES	(2,537)	(954)
NET INCREASE IN CASH AND CASH EQUIVALENTS	121,506	16,843
CASH AND CASH EQUIVALENTS - BEGINNING	184,897	168,054
CASH AND CASH EQUIVALENTS - ENDING	\$ 306,403	\$ 184,897

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

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 130 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.

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. Purchases are capitalized at cost and contributed property and equipment is capitalized at fair value. Property and equipment is depreciated using the straight-line method over the estimated useful life of three to five years.

Net assets

Net assets are classified based on the existence, or absence, of restrictions imposed by donors. Accordingly, net assets are reported in the following classifications:

- Net assets without donor restrictions – net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the organization’s mission.
- Net assets with donor restrictions – net assets subject to restrictions imposed by donors. Some restrictions are temporary in nature; those restrictions are met by actions of RTAFF or the passage of time. Other restrictions are perpetual in nature, where the donor has stipulated the funds be maintained by RTAFF in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

Revenue and revenue recognition

Contributions and sponsorships are recognized as revenue when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give (i.e., those with a measurable performance or other barrier and a right of return) are not recognized as revenue until the conditions on which they depend are met.

Government grants consist of (i) cost reimbursable grants that are recognized as unrestricted revenue to the extent of allowable direct and indirect costs incurred, and (ii) a COVID-19 pandemic-related sustainability grant which is accounted for as a contribution described in the above paragraph.

Paycheck Protection Program forgivable loan

RTAFF accounts for the forgivable loan received from a bank under the U.S. Small Business Administration's Paycheck Protection Program as a conditional contribution in accordance with the Financial Accounting Standards Board's Accounting Standards Codification topic 958-605. The forgivable loan is recorded as a refundable advance upon receipt. The refundable advance is reduced, and contribution revenue is recognized, when the conditions of release have been substantially met, i.e., allowable expenses are incurred.

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.

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses for each function. Accordingly, certain costs have been allocated among programs, general and administrative, and fundraising. Expenses are allocated based on estimates of time and effort.

Concentrations of credit risk

Financial instruments which subject RTAFF to concentrations of credit risk consist of cash at a bank and receivables. The balance at the bank is insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, amounts on deposit may exceed the federally insured limit. RTAFF has not experienced, nor does it anticipate, any losses in the bank account. Credit risk associated with receivables is considered limited due to high historical collection rates and because substantial portions of the receivables are due from organizations and local governments supportive of RTAFF's mission.

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.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

New accounting pronouncements

RTAFF implemented two of the Financial Accounting Standards Board's Accounting Standards Updates ("ASUs") effective July 1, 2019:

- ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The update provides a more robust framework for addressing revenue accounting issues.
- ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The update clarifies when to use the contribution accounting model for grants.

RTAFF implemented the updates in its financial statements for the year ended June 30, 2020. The updates have been applied retrospectively to the prior fiscal year in these financial statements. There is no effect upon net assets or other account balances as a result of the implementation.

3. COVID-19 PANDEMIC

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created market uncertainty, volatility, and disruption across economies.

In March 2020 RTAFF closed its office to the public and temporarily suspended on-site project activities. On-site project activities restarted on a limited basis in July 2020. Staff has continued to work throughout the pandemic, primarily remotely.

4. RECEIVABLES

All receivables are due within one year of the statement of financial position date.

5. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 and 2019 consists of the following:

	2020	2019
Computers	\$ 12,027	\$ 10,125
Furniture and equipment	10,268	9,633
Website development costs	15,150	15,150
	37,445	34,908
Less: accumulated depreciation	30,277	22,316
	\$ 7,168	\$ 12,592

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2020 and 2019 consist of \$76,115 and \$57,075, respectively to develop the RT Express program, improve administrative infrastructure, perform home renovations, and sustain the organization during the COVID-19 pandemic.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

7. PAYCHECK PROTECTION PROGRAM (“PPP”) FORGIVABLE LOAN

In April 2020, RTAFF received a \$52,100 bank loan pursuant to the PPP, a program implemented by the U.S. Small Business Administration (“SBA”). The loan bears interest at 1% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. The loan is subject to forgiveness upon RTAFF’s request to the extent RTAFF meets certain criteria and the loan proceeds are used to pay expenses permitted by the PPP, including payroll, rent, and other costs. RTAFF intends to apply for forgiveness of the loan. Loan repayments by RTAFF to the bank are deferred until the SBA remits RTAFF’s loan forgiveness amount to the bank.

The \$52,100 loan is accounted for in the financial statements as follows: (i) \$31,060 of revenue is recorded in the statement of activities for the year ended June 30, 2020, for qualifying expenses incurred during the fiscal year, and (ii) a \$21,040 refundable advance is recorded in the statement of financial position at June 30, 2020.

8. REVENUE CONCENTRATION

During the years ended June 30, 2020 and 2019, approximately 28% and 22%, respectively of total revenue was derived from two local government grants.

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

RTAFF recognized revenue, and an equal amount of expense, in the June 30, 2020 and 2019 statements of activities for the fair value of the following contributed professional labor, materials, office use, and other:

	2020	2019
Professional labor	\$ 204,731	\$ 431,172
Materials	17,654	11,025
Office use	10,220	12,866
Supplies, equipment and other	250	4,323
	\$ 232,855	\$ 459,386

In addition, for the years ended June 30, 2020 and 2019 RTAFF received approximately 1,900 and 4,600 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, 2020 and 2019 is estimated at \$52,000 and \$125,000, 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.

10. RETIREMENT PLAN

RTAFF established a SIMPLE IRA retirement plan effective September 2019 for all employees who earn at least \$5,000 annually. RTAFF matches each employee’s contribution to the plan, up to 3% of the employee’s salary. Retirement plan expense is \$5,774 for the year ended June 30, 2020.

**REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

11. 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, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Contributed office use	\$ 10,220	\$ 12,866
Rent - office	\$ 9,600	\$ 9,600
Rent - storage	\$ 5,354	\$ 4,894

12. RELATED PARTY TRANSACTIONS

Under the terms of an Affiliation 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, 2020 and 2019, RTAFF recognized contribution revenue of \$38,031 and \$42,000, respectively from Rebuilding Together, Inc.

For the years ended June 30, 2020 and 2019, RTAFF incurred \$13,453 and \$14,834, respectively of dues expense to Rebuilding Together, Inc.

At June 30, 2020 RTAFF has a \$30,000 contribution receivable from Rebuilding Together, Inc. There is no contribution receivable from Rebuilding Together, Inc. at June 30, 2019.

13. AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure (i.e., without donor or other restrictions limiting use) within one year of the June 30, 2020 and 2019 statement of financial position dates consist of the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 306,403	\$ 184,897
Receivable for costs recoverable under government grants	19,139	62,092
Contribution receivable - affiliate	30,000	-
Sponsorships and other receivables	31,040	25,665
	<u>\$ 386,582</u>	<u>\$ 272,654</u>

As part of RTAFF’s liquidity management plan, cash in excess of daily operating requirements is maintained in cash and cash equivalents and not invested.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 25, 2021, the date the financial statements were available to be issued.