

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

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

YEARS ENDED JUNE 30, 2022 AND 2021

**REBUILDING TOGETHER/
ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
YEARS ENDED JUNE 30, 2022 AND 2021**

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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.

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. I am required to be independent of Rebuilding Together/Arlington/Fairfax/Falls Church, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rebuilding Together/Arlington/Fairfax/Falls Church, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Rebuilding Together/Arlington/Fairfax/Falls Church, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rebuilding Together/Arlington/Fairfax/Falls Church, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Bernard M. Gordon, CPA, PLC

June 8, 2023

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 and 2021

ASSETS

	2022	2021
Cash and cash equivalents	\$ 203,926	\$ 250,865
Receivable for costs recoverable under government grants	14,052	58,601
Contributions receivable - affiliate	37,000	25,000
Partnership and other receivables	8,550	6,000
Gift cards	875	512
Prepaid expenses	12,803	10,936
Property and equipment, net	1,715	2,344
TOTAL ASSETS	\$ 278,921	\$ 354,258

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 12,296	\$ 5,977
Accrued vacation	21,099	17,798
Refundable advances - Paycheck Protection Program	-	14,192
Other accrued expenses	11,000	10,200
TOTAL LIABILITIES	44,395	48,167

NET ASSETS

Without donor restrictions	175,545	259,280
With donor restrictions	58,981	46,811
TOTAL NET ASSETS	234,526	306,091

TOTAL LIABILITIES AND NET ASSETS	\$ 278,921	\$ 354,258
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See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributed professional labor, materials, office use, and other	\$ 351,777	\$ -	\$ 351,777
Government grants	210,056	-	210,056
Contributions	78,752	21,151	99,903
Contributions - affiliate	8,364	37,000	45,364
Contribution - Paycheck Protection Program	14,192	-	14,192
Contributions - partnerships	97,214	25,000	122,214
Net assets released from restrictions			
Satisfaction of purpose restrictions	<u>70,981</u>	<u>(70,981)</u>	<u>0</u>
TOTAL REVENUE AND OTHER SUPPORT	831,336	12,170	843,506
EXPENSES			
Program services	854,549	-	854,549
Fundraising	7,717	-	7,717
General and administrative	<u>52,805</u>	<u>-</u>	<u>52,805</u>
TOTAL EXPENSES	915,071	-	915,071
CHANGE IN NET ASSETS	(83,735)	12,170	(71,565)
NET ASSETS AT BEGINNING OF YEAR	<u>259,280</u>	<u>46,811</u>	<u>306,091</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 175,545</u></u>	<u><u>\$ 58,981</u></u>	<u><u>\$ 234,526</u></u>

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Contributed professional labor, materials, office use, and other	\$ 222,537	\$ -	\$ 222,537
Government grants	209,646	-	209,646
Contributions	75,569	29,181	104,750
Contributions - affiliate	8,560	25,000	33,560
Contribution - Paycheck Protection Program	56,790	-	56,790
Contributions - partnerships	37,159	-	37,159
Net assets released from restrictions			
Satisfaction of purpose restrictions	<u>83,485</u>	<u>(83,485)</u>	<u>0</u>
TOTAL REVENUE AND OTHER SUPPORT	693,746	(29,304)	664,442
EXPENSES			
Program services	648,858	-	648,858
Fundraising	11,167	-	11,167
General and administrative	<u>52,110</u>	<u>-</u>	<u>52,110</u>
TOTAL EXPENSES	712,135	-	712,135
CHANGE IN NET ASSETS	(18,389)	(29,304)	(47,693)
NET ASSETS AT BEGINNING OF YEAR	<u>277,669</u>	<u>76,115</u>	<u>353,784</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 259,280</u></u>	<u><u>\$ 46,811</u></u>	<u><u>\$ 306,091</u></u>

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services	Fund- raising	General and Administrative	Grand Total
Salaries	\$ 279,720	\$ 3,391	\$ 24,755	\$ 307,866
Payroll taxes	19,443	235	4,058	23,736
Contributed professional labor, materials, office use, and other	347,167	195	4,415	351,777
Materials, waste disposal, and permits	71,531	-	64	71,595
Contractors	24,800	-	-	24,800
Dues - affiliate	12,284	148	2,368	14,800
Bookkeeping	10,501	127	2,022	12,650
Insurance	9,698	117	1,869	11,684
Audit and tax preparation	9,130	110	1,760	11,000
Rent - office	7,968	96	1,536	9,600
Retirement	7,564	92	1,488	9,144
Contract services	6,887	83	1,327	8,297
Travel	7,547	-	243	7,790
Rent - storage	6,416	-	-	6,416
Training and project support	5,258	-	-	5,258
Signage and T-shirts	4,874	-	-	4,874
Printing and copying	1,901	1,958	49	3,908
Personal care products	3,690	-	-	3,690
Supplies and postage	2,729	697	229	3,655
Telecommunications	2,700	32	518	3,250
Website and e-mail	1,824	22	351	2,197
Depreciation	-	-	2,026	2,026
Other	10,917	414	3,727	15,058
Total expenses	\$ 854,549	\$ 7,717	\$ 52,805	\$ 915,071

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services	Fund- raising	General and Administrative	Grand Total
Salaries	\$ 257,776	\$ 5,141	\$ 21,389	\$ 284,306
Payroll taxes	17,889	355	3,638	21,882
Contributed professional labor, materials, office use, and other	215,458	1,450	5,629	222,537
Materials, waste disposal and permits	45,388	-	-	45,388
Contractors	18,071	-	-	18,071
Dues - affiliate	11,690	282	2,111	14,083
Bookkeeping	10,148	245	1,832	12,225
Insurance	9,024	217	1,633	10,874
Audit and tax preparation	8,466	204	1,530	10,200
Rent - office	7,968	192	1,440	9,600
Retirement	6,969	139	1,226	8,334
Contract services	4,599	111	830	5,540
Travel	7,047	-	591	7,638
Rent - storage	5,909	-	-	5,909
Training and project support	1,303	-	-	1,303
Signage and T-shirts	1,738	-	-	1,738
Printing and copying	1,707	1,642	205	3,554
Personal care products	4,163	-	-	4,163
Supplies and postage	3,291	704	424	4,419
Telecommunications	2,455	59	445	2,959
Website and e-mail	1,699	41	307	2,047
Depreciation	-	-	4,824	4,824
Other	6,100	385	4,056	10,541
Total expenses	\$ 648,858	\$ 11,167	\$ 52,110	\$ 712,135

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (71,565)	\$ (47,693)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	2,026	4,824
(Increase) decrease in operating assets		
Receivable for costs recoverable under government grants	44,549	(39,462)
Contributions receivable - affiliate	(12,000)	5,000
Partnership and other receivables	(2,550)	25,040
Gift cards	(363)	(512)
Prepaid expenses	(1,867)	(939)
Increase (decrease) in operating liabilities		
Accounts payable	6,319	(2,417)
Accrued vacation	3,301	6,989
Refundable advance - Paycheck Protection Program	(14,192)	(6,848)
Other accrued expenses	800	480
NET CASH PROVIDED BY OPERATING ACTIVITIES	(45,542)	(55,538)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,397)	-
NET CASH USED BY INVESTING ACTIVITIES	(1,397)	-
DECREASE IN CASH AND CASH EQUIVALENTS	(46,939)	(55,538)
CASH AND CASH EQUIVALENTS - BEGINNING	250,865	306,403
CASH AND CASH EQUIVALENTS - ENDING	\$ 203,926	\$ 250,865

See notes to financial statements.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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, 2022 AND 2021

Revenue and revenue recognition

Contributions 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 cost reimbursable grants that are recognized as unrestricted revenue to the extent of allowable direct and indirect costs incurred.

Paycheck Protection Program forgivable loans

RTAFF accounts for the forgivable loans received from a bank under the U.S. Small Business Administration's Paycheck Protection Program as conditional contributions in accordance with the Financial Accounting Standards Board's Accounting Standards Codification topic 958-605. Each 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.

Contributed professional labor, materials, office use, and other

All non-financial contributions received (which consist of professional labor, materials, office use, and other) are used in RTAFF's programs; none of these contributions are sold.

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.

Financial instruments and 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, 2022 AND 2021**

Reclassifications

Certain amounts in the financial statements for the year ended June 30, 2021 have been reclassified to conform to the financial statements presentation for the year ended June 30, 2022. These reclassifications had no effect on the reported net assets.

3. RECEIVABLES

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

4. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2022 and 2021 consists of the following:

	2022	2021
Computers	\$ 9,016	\$ 7,619
Furniture and equipment	10,268	10,268
Website development costs	15,150	15,150
	34,434	33,037
Less: accumulated depreciation	32,719	30,693
	\$ 1,715	\$ 2,344

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2022 and 2021 consist of \$58,981 and \$46,811, respectively, to perform home renovations.

6. PAYCHECK PROTECTION PROGRAM (“PPP”) FORGIVABLE LOANS

RTAFF received two bank loans totaling \$102,042 pursuant to the PPP, a program implemented by the U.S. Small Business Administration (“SBA”), consisting of a \$52,100 first draw loan received in April 2020 and a \$49,942 second draw loan received in March 2021.

The loans are 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. The \$52,100 first draw loan was forgiven in April 2021. The \$49,942 second draw loan was forgiven in February 2022.

The loans are accounted for in the financial statements as follows: \$14,192, \$56,790, and \$31,060 of revenue is recorded in the statement of activities for the years ended June 30, 2022, 2021, and 2020, respectively, for qualifying expenses incurred during the fiscal year.

7. REVENUE CONCENTRATION

During the years ended June 30, 2022 and 2021, approximately 25% and 32%, respectively, of total revenue was derived from two local government grants.

REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021

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

RTAFF recognized revenue, and an equal amount of expense, in the June 30, 2022 and 2021 statements of activities for the fair value of the following contributed professional labor, materials, office use, and other:

	2022	2021
Professional labor	\$ 330,264	\$ 199,722
Materials	12,518	14,770
Office use	7,245	7,245
Supplies and other	1,750	800
	\$ 351,777	\$ 222,537

Contributions of professional labor, materials, and supplies are recorded at estimated fair value. Contributions of office use are recorded at the fair value of similar properties in the geographical area where the space is located.

In addition, for the years ended June 30, 2022 and 2021 RTAFF received approximately 2,340 and 490 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, 2022 and 2021 is estimated at \$68,000 and \$14,000, 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.

9. 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 \$9,144 and \$8,334 for the years ended June 30, 2022 and 2021, respectively.

10. 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, 2022 and 2021 consists of the following:

	2022	2021
Contributed office use	\$ 7,245	\$ 7,245
Rent - office	\$ 9,600	\$ 9,600
Rent - storage	\$ 6,416	\$ 5,909

**REBUILDING TOGETHER/ARLINGTON/FAIRFAX/FALLS CHURCH, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021**

11. 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, 2022 and 2021, RTAFF recognized contribution revenue of \$45,364 and \$33,560, respectively, from Rebuilding Together, Inc.

For the years ended June 30, 2022 and 2021, RTAFF incurred \$14,800 and \$14,083, respectively, of dues expense to Rebuilding Together, Inc.

At June 30, 2022 and 2021 RTAFF has a contribution receivable from Rebuilding Together, Inc. of \$37,000 and \$25,000, respectively.

12. 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, 2022 and 2021 statement of financial position dates consist of the following:

	2022	2021
Cash and cash equivalents	\$ 203,926	\$ 250,865
Receivable for costs recoverable under government grants	14,052	58,601
Contribution receivable - affiliate	37,000	25,000
Partnership and other receivables	8,550	6,000
	<u>\$ 263,528</u>	<u>\$ 340,466</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.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 8, 2023, the date the financial statements were available to be issued.