

REBUILDING TOGETHER NASHVILLE, INC.

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

JUNE 30, 2017 AND 2016

REBUILDING TOGETHER NASHVILLE, INC.

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BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Kaitlin Dastugue, Executive Director
Rebuilding Together Nashville, Inc.
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Rebuilding Together Nashville, Inc., which comprise the statements of assets, liabilities, and net assets—modified-cash basis as of June 30, 2017 and 2016, and the related statements of support, revenue, and expenses—modified-cash basis 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 the modified-cash basis of accounting as described in Note 1; this includes determining that the modified-cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 assets, liabilities, and net assets of Rebuilding Together Nashville, Inc. as of June 30, 2017 and 2016, and its support, revenue, and expenses for the years then ended in accordance with the modified-cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified-cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Bellenfant, PLLC

October 31, 2017

REBUILDING TOGETHER NASHVILLE, INC.

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS—MODIFIED-CASH BASIS

JUNE 30, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets		
Cash	<u>\$ 53,433</u>	<u>\$ 35,445</u>
Total Current Assets	<u>53,433</u>	<u>35,445</u>
Fixed Assets		
Trailer	<u>19,759</u>	<u>-</u>
Total Fixed Assets	<u>19,759</u>	<u>-</u>
Total Assets	<u><u>\$ 73,192</u></u>	<u><u>\$ 35,445</u></u>

LIABILITIES AND NET ASSETS

Net Assets		
Unrestricted	73,192	35,445
Temporarily Restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>73,192</u>	<u>35,445</u>
Total Liabilities and Net Assets	<u><u>\$ 73,192</u></u>	<u><u>\$ 35,445</u></u>

The accompanying notes are an integral part of this statement.

REBUILDING TOGETHER NASHVILLE, INC.

STATEMENT OF SUPPORT, REVENUE, AND EXPENSES—MODIFIED-CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2017

	2017		
	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Contributions and Grants:			
Corporate	58,804	14,500	73,304
Non-profit Organizations	5,500	28,000	33,500
Individuals	30,558	-	30,558
Rebuilding Together Nashville	12,400	34,600	47,000
MDHA	5,317	29,329	34,646
Other	1,047	-	1,047
Net Assets Released from Restrictions	106,429	(106,429)	-
Total Support and Revenue	<u>220,055</u>	<u>-</u>	<u>220,055</u>
Expenses			
Program Services	119,495	-	119,495
Management and General	40,425	-	40,425
Fundraising	22,388	-	22,388
Total Expenses	<u>182,308</u>	<u>-</u>	<u>182,308</u>
Change in Net Assets	37,747	-	37,747
Net assets, beginning of year	<u>35,445</u>	<u>-</u>	<u>35,445</u>
Net assets, end of year	<u>\$ 73,192</u>	<u>\$ -</u>	<u>\$ 73,192</u>

The accompanying notes are an integral part of this statement.

REBUILDING TOGETHER NASHVILLE, INC.

STATEMENT OF SUPPORT, REVENUE, AND EXPENSES—MODIFIED-CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2016

	2016		
	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Contributions and Grants:			
Corporate	71,720	20,500	92,220
Non-profit Organizations	22,500	24,812	47,312
Individuals	26,267	-	26,267
Rebuilding Together Nashville	10,000	3,000	13,000
Other	-	-	-
Net Assets Released from Restrictions	191,867	(191,867)	-
Total Support and Revenue	<u>322,354</u>	<u>(143,555)</u>	<u>178,799</u>
Expenses			
Program Services	212,141	-	212,141
Management and General	50,309	-	50,309
Fundraising	20,411	-	20,411
Total Expenses	<u>282,861</u>	<u>-</u>	<u>282,861</u>
Change in Net Assets	39,493	(143,555)	(104,062)
Net assets, beginning of year	<u>(4,048)</u>	<u>143,555</u>	<u>139,507</u>
Net assets, end of year	<u>\$ 35,445</u>	<u>\$ -</u>	<u>\$ 35,445</u>

The accompanying notes are an integral part of this statement.

REBUILDING TOGETHER NASHVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES—MODIFIED-CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2017

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries	29,474	19,009	17,589	66,072
Payroll Taxes	2,279	1,454	1,346	5,079
Total Compensation	31,753	20,463	18,935	71,151
Rent	7,980	1,995	-	9,975
Occupancy	3,367	1,035	-	4,402
Office Supplies	135	1,394	411	1,940
Professional Development	10	-	48	58
Professional Fees	-	7,460	-	7,460
Travel and Meetings	1,529	8	-	1,537
Insurance	2,659	1,199	-	3,858
Contract Labor	29,570	-	-	29,570
Storage Unit Rental	3,620	-	-	3,620
RT National Dues	12,122	-	-	12,122
Materials and Supplies	11,561	-	-	11,561
Logistics	3,088	-	-	3,088
CapacityCorps	9,000	-	-	9,000
Other	51	1,823	-	1,874
Dues and Subscriptions	-	1,757	2,650	4,407
Marketing	3,050	-	-	3,050
Database and Electronics	-	3,291	-	3,291
Fundraising	-	-	344	344
	<u>119,495</u>	<u>40,425</u>	<u>22,388</u>	<u>182,308</u>

The accompanying notes are an integral part of this statement.

REBUILDING TOGETHER NASHVILLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES—MODIFIED-CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2016

	Program Services	Supporting Services Management and General	Fundraising	Total
Salaries	43,307	17,932	8,932	70,171
Payroll Taxes	3,313	1,372	683	5,368
Total Compensation	46,620	19,304	9,615	75,539
Rent	8,480	2,120	-	10,600
Occupancy	2,991	1,720	-	4,711
Office Supplies	253	1,986	455	2,694
Professional Development	703	-	75	778
Professional Fees	-	18,091	-	18,091
Travel and Meetings	1,771	562	13	2,346
Insurance	4,833	1,194	-	6,027
Contract Labor	39,727	-	-	39,727
Storage Unit Rental	3,179	-	-	3,179
RT National Dues	16,000	-	-	16,000
Materials and Supplies	47,026	-	-	47,026
Logistics	10,032	-	-	10,032
CapacityCorps	17,266	-	-	17,266
Other	66	2,380	1,165	3,611
Dues and Subscriptions	-	2,181	-	2,181
Marketing	7,550	-	1,240	8,790
Database and Electronics	5,644	771	-	6,415
Fundraising	-	-	7,848	7,848
	<u>212,141</u>	<u>50,309</u>	<u>20,411</u>	<u>282,861</u>

The accompanying notes are an integral part of this statement.

REBUILDING TOGETHER NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Rebuilding Together Nashville, Inc. (the Organization), incorporated in the State of Tennessee in 1994, is a collaborative organization whose core mission is to recruit sponsors and volunteers to rehabilitate through repair, renovation or modification the homes of low-income homeowners, especially the elderly, veterans, the disabled, and families with children.

Basis of Accounting

The accompanying financial statements have been prepared on the modified-cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, support and revenue is recognized when cash is received and expenses are recognized when cash is paid, and the Organization has not recognized pledges receivables from donors, accounts payable to vendors, and their related effects on the change in net assets.

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time. Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the statement of activities as unrestricted. When a restriction expires in a period after the contributions are received, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned and any related investments for general or specific purposes.

The amount for each of these classes of net assets is displayed in the statements of assets, liabilities, and net assets and the amount of change in each class of net assets is displayed in the statements of support, revenue, and expenses. There were no permanently restricted net assets as of June 30, 2017 or 2016.

REBUILDING TOGETHER NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all cash funds, cash bank accounts and highly liquid debt instruments, with an original maturity when purchased of three months or less, to be cash and cash equivalents. At June 30, 2017 and 2016, the Organization had no cash equivalents.

Fixed Assets

Fixed Assets are recorded at cost to the Organization, or if donated, at the estimated fair market value at the date of donation. All depreciation is computed using the straight-line method based on the estimated useful life of the asset. The estimated useful life for the trailer is 10 years.

Expense Allocation

The costs of providing program services and supporting services 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 programs and supporting services based on actual or estimated time employees spent on each function.

Use of Estimates

The preparation of financial statements in conformity with the modified-cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Income Taxes

The Organization is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and the Organization is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

REBUILDING TOGETHER NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Organization accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for the Organization include, but are not limited to, the tax exempt status and determination of whether income is subject to unrelated business income tax; however, the Organization has determined that such tax positions do not result in an uncertainty requiring recognition. Tax years that remain open to examination include years ended June 30, 2015 through June 30, 2017.

2. CONCENTRATION OF CREDIT RISK

The Organization depends primarily on grants and donations from Rebuilding Together, Inc., as well as local corporations and individuals for the funding of ongoing operations. Should economic or social events transpire to bring hardship upon the Organization's primary support groups, the Organization may find it difficult to continue operations.

3. FURNITURE AND EQUIPMENT

The following changes to fixed assets occurred during the period July 1, 2016 through June 30, 2017:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Trailer	\$ -	\$ 19,759	\$ -	\$ 19,759
Accumulated Depreciation	-	-	-	-
Net Fixed Assets	<u>\$ -</u>	<u>\$ 19,759</u>	<u>\$ -</u>	<u>\$ 19,759</u>

Although the trailer was purchased during the year ended June 30, 2017, the asset was not placed in service until July 1, 2017. Therefore, no depreciation expense was recorded for the years ending June 30, 2016 and 2017.

REBUILDING TOGETHER NASHVILLE, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2017 AND 2016

4. OPERATING LEASE

The Organization leases office and storage space under an operating lease that expires May 2018. The lease is cancellable at any time by giving a written notice to the landlord no less than thirty days prior to such termination. Future minimum lease payments required under the operating lease as of June 30, 2017 and 2016 are as follows:

2018	\$	10,725
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For the years ended June 30, 2017 and 2016, rent expense totaled \$9,975 and \$10,600, respectively.

5. SUBSEQUENT EVENTS

The Organization evaluated subsequent events through October 31, 2017, the date the financial statements were available for issuance.