

REBUILDING TOGETHER DUTCHESS COUNTY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Rebuilding Together Dutchess County, Inc.

We have reviewed the accompanying financial statements of Rebuilding Together Dutchess County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Kirshon + Company P.C.

KIRSHON AND COMPANY, P.C.
Poughkeepsie, NY
Report Date: November 5, 2019

REBUILDING TOGETHER DUTCHESS COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 138,393	\$ 76,241
Certificates of deposit	23,264	23,241
Unconditional promises to give, net of unamortized discount	22,949	3,450
Grants receivable	73,511	55,712
Prepaid expenses	1,305	2,018
Property and equipment, net of accumulated depreciation	556	789
Land - held for sale	-	17,000
Security deposit	450	450
TOTAL ASSETS	\$ 260,428	\$ 178,901
LIABILITIES		
Accounts payable	\$ 4,987	\$ 1,207
Accrued expenses	4,159	4,056
TOTAL LIABILITIES	9,146	5,263
NET ASSETS		
Without donor restrictions	190,115	135,720
With donor restrictions (note 11)	61,167	37,918
TOTAL NET ASSETS	251,282	173,638
TOTAL LIABILITIES AND NET ASSETS	\$ 260,428	\$ 178,901

See accompanying notes and independent accountant's review report.

REBUILDING TOGETHER DUTCHESS COUNTY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT						
Donations	\$ 26,055	\$ -	\$ 26,055	\$ 29,021	\$ -	\$ 29,021
Grants	212,510	61,167	273,677	239,830	37,918	277,748
Sponsorships	48,650	-	48,650	39,856	-	39,856
Special events - net	32,861	-	32,861	40,614	-	40,614
Interest income	77	-	77	37	-	37
Non-cash donations	52,610	-	52,610	39,361	-	39,361
Other Income	1,877	-	1,877	-	-	-
Net assets released from restrictions:						
Restrictions satisfied by payments	37,918	(37,918)	-	13,500	(13,500)	-
TOTAL REVENUE AND OTHER SUPPORT	412,558	23,249	435,807	402,219	24,418	426,637
EXPENSES						
Program expenses	335,701	-	335,701	357,117	-	357,117
Management and general	11,146	-	11,146	20,911	-	20,911
Fundraising	11,316	-	11,316	-	-	-
TOTAL EXPENSES	358,163	-	358,163	378,028	-	378,028
CHANGE IN NET ASSETS	54,395	23,249	77,644	24,191	24,418	48,609
NET ASSETS AT BEGINNING OF YEAR	135,720	37,918	173,638	111,529	13,500	125,029
NET ASSETS AT END OF YEAR	\$ 190,115	\$ 61,167	\$ 251,282	\$ 135,720	\$ 37,918	\$ 173,638

See accompanying notes and independent accountant's review report.

REBUILDING TOGETHER DUTCHESS COUNTY, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018				2017		
	Program	Management and General	Fundraising	Total	Program	Management and General	Total
Salaries and wages	\$ 102,147	\$ 5,675	\$ 5,675	\$ 113,497	\$ 109,257	\$ 12,140	\$ 121,397
Payroll taxes	8,162	454	454	9,070	8,952	995	9,947
Professional fees	19,797	1,100	1,100	21,997	12,865	1,430	14,295
Advertising	2,910	153	-	3,063	3,757	418	4,175
Office expenses	19,485	1,082	1,082	21,649	10,338	1,148	11,486
Rent	9,360	520	520	10,400	8,602	956	9,558
Travel	2,848	150	-	2,998	2,108	234	2,342
Conferences	3,980	210	-	4,190	2,564	285	2,849
Insurance	5,124	285	285	5,694	6,448	716	7,164
Building materials and supplies	133,331	-	-	133,331	168,930	-	168,930
Training	829	44	-	873	-	-	-
Volunteer recognition	600	32	-	632	179	20	199
Dues and membership fees	21,975	1,157	-	23,132	15,475	1,720	17,195
Filing fees	1,320	70	-	1,390	1,700	189	1,889
Bank charges	-	-	1,986	1,986	2,102	234	2,336
Telephone	2,456	137	137	2,730	2,298	255	2,553
Postage	1,168	65	65	1,298	1,332	148	1,480
Depreciation	209	12	12	233	210	23	233
TOTAL FUNCTIONAL EXPENSES	\$ 335,701	\$ 11,146	\$ 11,316	\$ 358,163	\$ 357,117	\$ 20,911	\$ 378,028

See accompanying notes and independent accountant's review report.

REBUILDING TOGETHER DUTCHESS COUNTY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 77,644	\$ 48,609
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	233	233
Interest on certificates of deposit	(23)	(23)
Donated assets, at fair market value	-	(17,000)
CHANGE IN OPERATING ASSETS AND LIABILITIES		
<i>(Increase) Decrease in:</i>		
Promises to give	(19,499)	(3,170)
Grants receivable	(17,799)	8,824
Prepaid items and other assets	713	(328)
<i>Increase (Decrease) in:</i>		
Accounts payable and accrued liabilities	3,883	(498)
NET CASH PROVIDED BY OPERATING ACTIVITIES	45,152	36,647
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of asset	17,000	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	17,000	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	62,152	36,647
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	76,241	39,594
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 138,393	\$ 76,241

See accompanying notes and independent accountant's review report.

REBUILDING TOGETHER DUTCHESS COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Rebuilding Together Dutchess County, Inc. (the Organization) is organized under the Not-For-Profit Corporation Laws of the State of New York. The Organization provides repairs and renovations to the residences of low-income, elderly or disabled homeowners in Dutchess County, New York. The Organization derives the majority of its revenues through donations, grants, sponsorships and fundraising events.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables and payables. Revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Presentation

The Organization follows the guidance of the *Not-for-profit Entities* topic of the FASB Codification. Under this topic, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions or restricted gifts whose restrictions were met during the year.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed restrictions expected to be met either by the Organization's actions or passage of time. Certain restrictions may need to be maintained in perpetuity.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect reported assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Reclassifications

Certain amounts reported in 2017 have been reclassified to conform to the 2018 presentation.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

REBUILDING TOGETHER DUTCHESS COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Certificates of Deposit

Certificates of deposit are carried at cost plus accrued interest and are not required to be classified in accordance with the fair value hierarchy.

Promises to Give and Grants Receivable

Pledges are recorded as contributions when a donor makes a promise, whether oral or written, to give cash or other assets to the Organization that are, in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of restrictions. When a restriction expires, these assets are reclassified to net assets without donor restrictions. Grants are recorded as support in the period specified by the granting agency.

The Organization provides for bad debts using the reserve method. The allowance for doubtful accounts is based on certain percentages of aged receivables, which are based on historical experience and management's assessment of the general collectability. The balance is stated at the amount management expects to collect. Management determined that no allowance was necessary as of December 31, 2018.

Amortization of discounts on pledges receivable are included in contribution income.

Fixed Assets

All acquisitions of fixed assets and all expenditures for repairs, maintenance and replacements costing in excess of \$500 that materially prolong the useful lives of assets are capitalized. Fixed assets are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Accrued compensated absences

The normal vacation policy allows employees to carry a maximum of 5 vacation days into the subsequent year. Amounts are accrued based on the respective salaries in effect for the calendar year.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

REBUILDING TOGETHER DUTCHESS COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Revenue Recognition

Contributions received are recorded as unrestricted or restricted support when received, depending on the existence and/or nature of any donor restrictions. Restricted contributions whose restrictions are met in the same reporting period as the contribution was received are reported as an increase in net assets without donor restrictions. Donor-restricted support, whose restrictions are not met within the same reporting period, is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Deferred Revenue

Contributions are recorded in the year received. Contributions which are allocable to a project in a subsequent calendar year are recognized as contribution income, but classified as net assets with donor restrictions.

Functional expenses

Directly-identifiable costs are charged to program expenses. Other expenses are allocated based on the basis of estimates of time and effort or purpose and function.

Advertising Costs

Advertising costs are expensed as incurred.

NOTE 2 ADOPTION OF ACCOUNTING PRONOUNCEMENT

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires changes to the financial reporting model of organizations who follow the non-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU also requires changes in the way certain information is reported and aggregated, including required disclosures about liquidity and availability of resources. The new standard is effective for the Organization's fiscal year ended December 31, 2018 and thereafter and must be applied on a retrospective basis. The Organization adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes to net assets.

REBUILDING TOGETHER DUTCHESS COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 3 FIXED ASSETS

Fixed assets represent acquisitions by the Organization with its own funds and consist of the following:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 4,660	\$ 4,660
Less: accumulated depreciation	<u>(4,104)</u>	<u>(3,871)</u>
	<u>\$ 556</u>	<u>\$ 789</u>

Depreciation expense for the years ended December 31, 2018 and 2017 were \$233 in each year.

NOTE 4 LAND – HELD FOR SALE

A vacant parcel of land was donated to the Organization in November 2017. The land was recorded at fair market value on the date of donation which was \$17,000. In January 2018, the Organization entered into a contract of sale for the property for \$17,000. No gain or loss was recognized on the transaction.

NOTE 5 SPECIAL EVENTS

Sales and special events represent net proceeds. Gross revenues and costs were as follows:

	<u>2018</u>	<u>2017</u>
Revenues	\$ 55,353	\$ 78,553
Costs	<u>(22,492)</u>	<u>(37,939)</u>
Net	<u>\$ 32,861</u>	<u>\$ 40,614</u>

NOTE 6 NON-CASH DONATIONS

Non-cash donations represent the fair market value of building materials, related professional services and other supplies received by the Organization and are recorded as support revenues. Offsetting amounts are also included in expenses. The values of non-cash donations used to support projects completed in accordance with the mission of the Organization, and included in the financial statements for 2018 and 2017, are \$52,610 and \$39,361, respectively. The amount for the year ended December 31, 2018 consists of materials of \$47,280 and services of \$5,330. The amount for the year ended December 31, 2017 consisted of materials of \$14,693, services of \$7,668 and a donated parcel of vacant land with a fair market value on the date of donation of \$17,000.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization in accomplishing its objectives; however, these are not recognized in the financial statements because they did not meet the criteria for recognition under generally accepted accounting principles.

REBUILDING TOGETHER DUTCHESS COUNTY, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2018 AND 2017

NOTE 7 PROMISES TO GIVE

Unconditional promises to give are comprised of the following:

	<u>2018</u>	<u>2017</u>
Receivable in less than one year	\$ 20,117	\$ 3,450
Receivable in one to five years	<u>3,447</u>	<u>-</u>
	\$ 23,564	\$ 3,450
Unamortized discount	<u>(615)</u>	<u>-</u>
Total	<u>\$ 22,949</u>	<u>\$ 3,450</u>

The Organization reports multi-year pledges receivable at the end of each year at their present values. The present values are computed using a 15% discount rate. No allowances for uncollectible pledges were required as of December 31, 2018 and 2017.

NOTE 8 OBLIGATIONS UNDER OPERATING LEASES

The Organization leases equipment under a non-cancellable operating lease agreement expiring in December 2021. Minimum payments, on an annual basis, are as follows:

<u>Year ending</u> <u>December 31</u>	<u>Amount</u>
2019	2,366
2020	2,366
2021	<u>2,366</u>
Total	<u>\$ 7,098</u>

Equipment rental expenses for 2018 and 2017 of \$1,972 and \$2,430, respectively, are included in office expenses.

NOTE 9 LINE OF CREDIT

The Organization has a \$30,000 line of credit agreement with T.D. Bank, N.A. There were no borrowings against the line at December 31, 2018 and 2017. The interest rate is based on the Wall Street Journal Prime Rate (5.5% at December 31, 2018) plus 1%, but in no circumstances will the interest rate be lower than 4.25%. The credit line is payable on demand and is renewable annually.

NOTE 10 CONCENTRATIONS OF REVENUE

In 2018, the Organization received approximately 12% of its total revenue and support through one governmental agency and another 12% of its total revenue and support through one private foundation. In 2017, the Organization received approximately 35% of its total revenue and support through two governmental agencies. A significant reduction in revenue and support from these grants could have an adverse effect on the programs and services offered by the Organization.

REBUILDING TOGETHER DUTCHESS COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 11 LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2018</u>	<u>2017</u>
Financial assets at year end	\$ 255,285	\$ 158,644
Less those unavailable for general expenditures within one year due to:		
Donor-imposed purpose restrictions:	(61,167)	(37,918)
Board-designated operating reserve:	(38,569)	(38,538)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 155,549</u>	<u>\$ 82,188</u>

The Organization's goal is generally to maintain financial assets to meet 15% of prior year's operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. The Organization has a \$30,000 line of credit available to meet cash flow needs.

NOTE 12 RESTRICTIONS ON NET ASSETS

A portion of the Organization's net assets consist of grants with donor-imposed, purpose and time-based restrictions, as follows:

	<u>2018</u>	<u>2017</u>
Purpose restrictions – specific program-related grants	\$ 61,167	\$ 37,918
Time-based restrictions – promises to give	\$ 22,949	\$ 3,450

A portion of the Organization's unrestricted net assets consists of a board-designated operating reserve. The amount held in reserve is at least 15% of the previous year's operating expenses, excluding program-specific expenses, and is intended to cover basic operating expenses in the event of a decline in program-related support. These funds are held in cash and certificates of deposit and are insured according to FDIC limits.

Board-designated net assets activity during the years 2017 and 2018:

Board-designated unrestricted net assets, January 1, 2017	\$ 38,508
Net appreciation	<u>30</u>
Board-designated unrestricted net assets, December 31, 2017	\$ 38,538
Net appreciation	<u>31</u>
Board-designated unrestricted net assets, December 31, 2018	<u>\$ 38,569</u>

REBUILDING TOGETHER DUTCHESS COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 13 SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 5, 2019, the date the financial statements were available to be issued. There are no significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.