

REBUILDING TOGETHER BROWARD COUNTY, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

**REBUILDING TOGETHER BROWARD COUNTY, INC.
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

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Independent Auditor's Report

To the Oversight Board of Directors
Rebuilding Together Broward County, Inc.
Oakland Park, Florida 33334

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Rebuilding Together Broward County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Rebuilding Together Broward County, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cashflows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Rebuilding Together Broward County, Inc. and meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 the Rebuilding Together Broward County, Inc.'s ability to continue as a going concern for a period not exceeding a year.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objective 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 our 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 GAAS and *Government Audit 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement 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 the Rebuilding Together Broward County, 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 our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rebuilding Together Broward County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.



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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2023, on our consideration of Rebuilding Together Broward County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Rebuilding Together Broward County, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rebuilding Together Broward County, Inc.'s internal control over financial reporting and compliance.

BAS Partners LLC

Pembroke Pines, Florida
May 24, 2023



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rebuilding Together Broward County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 24, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rebuilding Together Broward County, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rebuilding Together Broward County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Rebuilding Together Broward County, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rebuilding Together Broward County, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rebuilding Together Broward County, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BAS Partners LLC

Pembroke Pines, Florida
May 24, 2023

REBUILDING TOGETHER BROWARD COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	<u>Without donor restrictions</u>	<u>2022 With donor restrictions</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 187,190	\$ 20,000	\$ 207,190
Prepaid expenses	15,332	-	15,332
Grant receivables, net	118,182	-	118,182
Accounts receivable, net	-	-	-
Total current assets	320,704	20,000	340,704
Land, buildings and equipment, net	-		-
Other assets	17,450		17,450
Total assets	\$ 338,154	\$ 20,000	\$ 358,154
Liabilities and net assets:			
Current liabilities:			
Accounts payable	\$ 10,253		\$ 10,253
Other liabilities	-		-
Total current liabilities	10,253	-	10,253
Total liabilities	10,253	-	10,253
Net assets:			
Without Restrictions	327,901		327,901
With Restrictions	-	20,000	20,000
Total net assets	327,901	20,000	347,901
Total liabilities and net assets	\$ 338,154	\$ 20,000	\$ 358,154

The accompanying notes are an integral part of these financial statements.

REBUILDING TOGETHER BROWARD COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents (Note 2)	\$ 215,852	\$ 35,000	\$ 250,852
Prepaid expenses (Notes 4 and 7)	15,332	-	15,332
Grant receivable, net (Note 2)	128,670	-	128,670
Total current assets	359,854	35,000	394,854
Furniture and equipment, net (Note 2 and 3)	2,700	-	2,700
Other assets	7,878	-	7,878
Total assets	\$ 370,432	\$ 35,000	\$ 405,432
Liabilities and net assets:			
Current liabilities:			
Accounts payable	\$ 2,435	-	\$ 2,435
Total current liabilities	2,435	-	2,435
Total liabilities	2,435	-	2,435
Net assets:			
Without Restrictions (Note 2)	367,997	-	367,997
With Restrictions (Notes 2 and 10)	-	35,000	35,000
Total net assets	367,997	35,000	402,997
Total liabilities and net assets	\$ 370,432	\$ 35,000	\$ 405,432

The accompanying notes are an integral part of these financial statements.

**REBUILDING TOGETHER BROWARD COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without</u> <u>Restrictions</u>	<u>With</u> <u>Restrictions</u>	<u>Total</u>
Support and revenue:			
Direct public support	\$ 642,960	\$ 193,192	\$ 836,152
In-kind contributions	43,200	-	43,200
Other income	11,319		11,319
Total support and revenue	<u>697,479</u>	<u>193,192</u>	<u>890,671</u>
Net assets released from restrictions	208,192	(208,192)	-
Total support and revenue	<u>905,671</u>	<u>(15,000)</u>	890,671
Expenses:			
Program services			
Healthy Neighborhoods	393,955	-	393,955
Safe at Home	407,997	-	407,997
Total program expenses	<u>801,952</u>	<u>-</u>	<u>801,952</u>
Supporting services			
Management and general	53,261		53,261
Fundraising	90,554	-	90,554
Total supporting services	<u>143,815</u>	<u>-</u>	<u>143,815</u>
Total expenses	<u>945,767</u>	<u>-</u>	<u>945,767</u>
Change in net assets	(40,096)	(15,000)	(55,096)
Net assets at beginning of year	367,997	35,000	402,997
Net assets at end of year	<u>327,901</u>	<u>20,000</u>	347,901

The accompanying notes are an integral part of these financial statements.

**REBUILDING TOGETHER BROWARD COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without</u> <u>Restrictions</u>	<u>With</u> <u>Restrictions</u>	<u>Total</u>
Support and revenue:			
Direct public support	\$ 950,693	\$ 40,000	\$ 990,693
In-kind contributions (Note 2)	17,900	-	17,900
Other income	94,081	-	94,081
Total support and revenue	<u>1,062,674</u>	<u>40,000</u>	<u>1,102,674</u>
Net assets released from restrictions	125,016	(125,016)	-
Total support and revenue	<u>1,187,690</u>	<u>(85,016)</u>	<u>1,102,674</u>
Expenses:			
Program services			
Healthy Neighborhoods	617,417	-	617,417
Safe at Home	390,588	-	390,588
Total program expenses	<u>1,008,005</u>	<u>-</u>	<u>1,008,005</u>
Supporting services			
Management and general	36,010	-	36,010
Fundraising	65,600	-	65,600
Total supporting services	<u>101,610</u>	<u>-</u>	<u>101,610</u>
Total expenses	<u>1,109,615</u>	<u>-</u>	<u>1,109,615</u>
Change in net assets	78,075	(85,016)	(6,941)
Net assets at beginning of year	289,922	120,016	409,938
Net assets at end of year	<u>\$ 367,997</u>	<u>\$ 35,000</u>	<u>\$ 402,997</u>

The accompanying notes are an integral part of these financial statements.

**REBUILDING TOGETHER BROWARD COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program services</u>			<u>Supporting services</u>			<u>Total expense</u>
	<u>Healthy Neighborhoods</u>	<u>Safe at Home</u>	<u>Total program services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total supporting services</u>	
Salaries and benefits	\$ 111,986	\$ 146,355	\$ 258,341	\$ 26,726	\$ 47,870	\$ 74,596	\$ 332,937
Affiliation fees	6,842	10,342	17,184	-	-	-	17,184
Contractors	34,151	96,318	130,469	480	-	480	130,949
Insurance	3,873	6,224	10,097	3,220	233	3,453	13,550
Occupancy	16,994	28,789	45,783	1,026	2,633	3,659	49,442
Office expense	5,283	5,158	10,441	6,151	8,414	14,565	25,006
Organization development	673	741	1,414	172	4,393	4,565	5,979
Professional fees	-	-	-	12,500	-	12,500	12,500
Renovations and improvements	163,400	97,645	261,045	63	63	126	261,171
Programs and services	5,421	13,111	18,532	-	-	-	18,532
Special events	-	-	-	-	26,736	26,736	26,736
Supplies	742	1,097	1,839	125	-	125	1,964
Travel	1,390	2,084	3,474	98	212	310	3,784
In-kind contributions	43,200	-	43,200	-	-	-	43,200
Depreciation	-	-	-	2,700	-	2,700	2,700
Bad debt expense	-	133	133	-	-	-	133
	\$ 393,955	\$ 407,997	\$ 801,952	\$ 53,261	\$ 90,554	\$ 143,815	\$ 945,767

The accompanying notes are an integral part of these financial statements.

**REBUILDING TOGETHER BROWARD COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program services		Total program services	Supporting services		Total supporting services	Total expense
	Healthy Neighborhoods	Safe at Home		Management and General	Fundraising		
Salaries and benefits (Note 11)	\$ 99,803	\$ 123,999	\$ 223,802	\$ 19,790	\$ 19,790	\$ 39,580	\$ 263,382
Affiliation fees (Note 7)	7,877	9,774	17,651	-	-	-	17,651
Contractors	27,321	133,011	160,332	480	-	480	160,812
Insurance (Note 4)	3,254	5,407	8,661	3,220	18	3,238	11,899
Occupancy (Note 12)	8,897	10,083	18,980	1,026	1,027	2,053	21,033
Office expense	5,550	6,736	12,286	3,204	3,764	6,968	19,254
Organization development	826	-	826	-	3,347	3,347	4,173
Professional fees	-	-	-	8,000	-	8,000	8,000
Renovations and improvements	403,214	84,625	487,839	-	-	-	487,839
Skilled labor and services (Note 2)	17,900	-	17,900	-	-	-	17,900
Programs and services	39,238	12,214	51,452	-	-	-	51,452
Special events	-	-	-	-	37,654	37,654	37,654
Supplies	742	1,097	1,839	125	-	125	1,964
Travel	995	1,842	2,837	165	-	165	3,002
Depreciation (Notes 2 and 3)	1,800	1,800	3,600	-	-	-	3,600
	\$ 617,417	\$ 390,588	\$1,008,005	\$ 36,010	\$ 65,600	\$ 101,610	\$ 1,109,615

The accompanying notes are an integral part of these financial statements.

**REBUILDING TOGETHER BROWARD COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (55,096)	\$ (6,941)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,700	3,600
Forgiveness of PPP Loan	-	(86,919)
Changes in operating assets and liabilities:		
Grants receivable without donor restrictions	10,488	164,491
Prepaid expenses	-	(1,198)
Other asset	(9,572)	(7,878)
Accounts payable and accrued liabilities	7,818	(4,735)
Net cash (used in) provided by operating activities	<u>(43,662)</u>	<u>60,420</u>
Cash flows from financing activities:		
Proceeds from loan	-	43,519
Net cash used in financing activities	<u>-</u>	<u>43,519</u>
Change in cash and cash equivalents	(43,662)	103,939
Cash and cash equivalents at the beginning of year	250,852	146,913
Cash and cash equivalents at end of year	<u>207,190</u>	<u>250,852</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period for interest	\$ -	\$ -

The accompanying notes are an integral part of these financial statement

**REBUILDING TOGETHER BROWARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

Note 1 - Nature of Operations

Rebuilding Together Broward County, Inc. (RTBC) was established on July 10, 2003, in Florida, as a not-for-profit organization; an independent affiliate of Rebuilding Together, Inc. (National) in existence exclusively for charitable purposes. The organization's mission statement includes bringing together communities and volunteers to rehabilitate the homes of low-income homeowners, particularly the elderly and disabled veterans, so they may live in safety and independence. Two major initiatives of RTBC are:

Healthy Neighborhoods – Community and neighborhoods revitalization, including disaster relief and nonprofit facility improvements.

Safe at Home – Home repairs focused on health and safety principles, including accessibility modifications, energy-efficient upgrades, and aging in place improvements.

The organization's vision for the future years is to be the premier community revitalization partner with neighborhoods and communities within Broward County. The goals are to eliminate 5,000 household hazards for seniors and increase individual and corporate giving to 30% of the budget during the next three years.

Note 2 - Summary of Significant Accounting Policies

The accounting and reporting policies of the Organization conform with United States generally accepted accounting principles (GAAP) as codified in the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC).

The policies that materially affect the financial position and results of operation of the Organization are summarized as follows:

Accounting Method

The financial statements are prepared using the accrual basis of accounting, which recognizes revenue in the period earned and expenses when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958. Under FASB ASC No. 958-210-50-3, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Asset Without Donor Restrictions

Net Assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

REBUILDING TOGETHER BROWARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Net Asset With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Expenses by function have been allocated among program and supporting services classifications directly or on the basis of estimates made by the Organization's management. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Furniture and Equipment

Fixed assets are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation if donated. Equipment is capitalized if it has a cost of \$1,000 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight line method over the estimated useful lives of the assets. Fixed assets are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements during the years ended December 31, 2022 and 2021.

Estimated useful lives are as follows:

Office equipment	5 years
Tools	5 years
Vehicle	5 years

REBUILDING TOGETHER BROWARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contribution Revenue

Funds received in cash, grants, and other assets are reported as contribution revenue at the time of donation. Contributions received with donor restrictions that limit the use of donated assets are recorded as temporarily restricted revenue. When a donor restriction expires, a stipulation time restriction ends, or purpose restriction is accomplished, net assets with donor restriction are released and reclassified to net assets with donor restriction in the Statement of Activities. Donor-restricted contributions are initially reported in current year revenue if it is anticipated that such restrictions will be met in the current financial period. Unconditional contributions receivable, which are presented as current contributions receivable, are expected to be received within one year and are recorded at their net realized value.

Contributed Services and Materials

Contributed services reflect the essential impact volunteers have in delivering the organization's mission. Contributed services are reported at fair value for financial reporting purposes. It is important to understand that voluntary donations and services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and are services, which would be typically purchased if not provided by donation.

Contributions of non-cash assets, discounts on purchased equipment, services, and materials as donations are considered in-kind contributions. Contributed services are reported at the fair value of those donated services when those services either create or enhance a nonfinancial asset, or require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. RTBC recorded contributed in-kind contributions/services for the years ended December 31, 2022 and 2021 in the amount of \$43,200 and \$17,900, respectively. Contributed materials, supplies, and discounts on purchased equipment are recorded at fair market value at the contribution date.

RTBC also receives support from unskilled volunteers who donate their time to perform various tasks that assist RTBC in fulfilling its purpose. The donated unskilled volunteer time was 1,722 and 870 hours for the years ended December 31, 2022 and 2021. The value of these hours is not reflected in the Statement of Activities as it does not meet the criteria for recognition under accounting and reporting standards prescribed for nonprofit organizations.

REBUILDING TOGETHER BROWARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 2 - Summary of Significant Accounting Policies (Continued)

Concentration of Support and Revenue

For the years ended December 31, 2022 and 2021, the percentage of support and revenue provided by federal, state, and local government agencies was approximately 22% and 35%, respectively.

Grants Receivable

Grants receivable are stated at net realized amounts from various reimbursable grant contracts. There were no bad debt expense for the years ended December 31, 2022 and 2021. Bad debts are recorded using the direct write-off method, expensed when management determines the grant receivable is uncollectable.

Concentration of Credit and Market Risk

Cash balances are with one financial institution. The Federal Deposit Insurance Corporation insures the account balances at the financial institution up to \$250,000. As of December 31, 2022 and 2021, cash balances at the financial institution did not exceed the federally insured limit. RTBC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

The United States of America (USA), like the rest of the world has been experiencing a pandemic due to the outbreak of the Coronavirus (COVID-19). This has both economic and social impact on the USA, leading to millions losing their employment, result in the great level of unemployment.

Management has not assessed the full impact of COVID-19 on the organization as a whole, but suspected that this may in the long-run affect the operations of the organization.

Income Taxes

The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. The policy had no effect on the Organization’s financial statements. Due to its tax-exempt status, the Organization is not subject to U.S. federal income tax or state income tax.

**REBUILDING TOGETHER BROWARD COUNTY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The Organization has not recognized a liability for unrecognized tax benefits as it has no known tax positions that would subject the Organization to any material income tax exposure. A reconciliation of the beginning and ending amount of unrecognized tax benefits and interest accrued related to unrecognized tax benefits are not included nor is there any interest accrued related to unrecognized tax benefits or interest expense and penalties in operating expenses as there are no unrecognized tax benefits.

Note 3 - Furniture and Equipment

Furniture and Equipment at December 31, 2022 and 2021, are as follows:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Office equipment	\$ 1,145	\$ 1,145
Tools	8,500	8,500
Vehicles	20,104	20,104
Total	29,749	29,749
Accumulated depreciation	(29,749)	(27,049)
Fixed assets, net	\$ -	\$ 2,700

Depreciation charges for the year ended December 31, 2022 and 2021 was \$2,700 and \$3,600, respectively.

Note 4 - Property and Casualty Insurance

RTBC maintains various insurance policies. The coverages are as follows:

- General Commercial Liability with a \$2,000,000 coverage limit.
- Umbrella Liability with a \$10,000,000 coverage limit per occurrence.
- Automobile Liability with a coverage limit of \$10,000 per person and \$20,000 per accident.

At December 31, 2022 and 2021, the comprehensive policy amounts for General Commercial / Umbrella Liabilities and Automobile Liability had prepaid balance of \$1,512 and \$1,648, respectively as in included in prepaid expenses on the Statement of Financial Position.

Note 5 - Fair Value Measurements

The Organization reports its fair value measures of its assets and liabilities using a different using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

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Note 5 - Fair Value Measurements (Continued)

The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - I. quoted prices for similar assets or liabilities in active markets;
 - II. quoted prices for identical or similar assets in markets that are not active;
 - III. observable inputs other than quoted prices for asset or liability (for example, interest rates and yield curves); and
 - IV. inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available the organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The primary use of fair value measures in the financial statements is the initial measurement of cash and cash equivalents and investments.

Note 6 - Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying Statement of Functional Expenses. RTBC categorizes its expenses to one of four functions as follows:

- Healthy Neighborhoods Program Services are the activities that result in goods and services related to the community and neighborhoods revitalization, including disaster relief and nonprofit facility improvements.
- Safe at Home Program Services are the activities that result in goods and services related to homerepairs.
- Management and General Supporting Services are expenses that provide for the overall support of RTBC.
- Fundraising Supporting Services include those expenses that are directly attributable to the fundraising efforts, including the marketing of the annual RTBC event “Black Dresses and Blueprints”, administration support, and relationship services extended to donors.

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Note 6 - Functional Allocation of Expenses (Continued)

Accordingly, certain costs have been allocated among program services, management and general, and fundraising functions based upon management's time records and the best available estimate of the percentage of each cost element applicable to each functional area.

Note 7 - Transactions of Related Party

RTBC has signed an affiliation agreement with the National Office in which they agree to adopt the national mission and vision statement. The goal of the National office is to build a robust affiliate network to serve as many people in need as possible. Affiliation fees and compliance documents are due each year on September 30th.

To be an affiliate of the Rebuilding Together Network and to perform program services under the Rebuilding Together umbrella, each affiliate must pay an affiliation fee. This affiliation fee is considered a programmatic cost for affiliates and should be budgeted on a yearly basis. Dues are calculated using the gross annual receipts from the most recent IRS form 990 available using a graduated scale.

As of December 31, 2022 and 2021, the affiliate fee had a prepaid balance of \$12,077 and \$12,861, respectively. This is included in prepaid expenses on the Statement of Financial Position. The amount of incurred affiliate fee expense was \$17,184 and \$17,651 as of December 31, 2022 and 2021, respectively.

Note 8 - Refundable advance – PPP Loan

The Small Business Administration ("SBA") published Interim Final Rules on April 2, 2020, that clarified who is eligible for the Paycheck Protection Program Loans ("PPP Loans") offered by the SBA. RTBC filled out the initial application on April 06, 2020, with BB&T Bank. The organization was notified that it qualified and was given \$43,400, assigned SBA Loan # 5541977107 with an interest rate of one percent per annum. These funds were utilized to cover payroll expenses for four employees during a 24-week period in 2020. RTBC then filled out the forgiveness request of SBA Loan # 5541977107 on November 25, 2020, and the loan was forgiven on February 18, 2021.

RTBC applied for the second round of PPP funding on February 12, 2021 amounting to \$43,519. The assigned SBA Loan # was 5011918502 with an interest rate of 1% per annum. The organization then filled the forgiveness request of SBA loan #5011918502 and forgiven on December 20, 2021.

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Note 9 - Liquidity

RTBC regularly monitors liquidity required to meet its operating needs and other contractual commitments. The organization receives charitable contributions from donors both with and without restrictions and funding directly from government contracts; these sources of funds provide for the cash required for annual operations. The cost of annual operations is taken into consideration in evaluating and maintaining sufficient liquidity. RTBC maintains financial assets on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to the budget on a monthly basis, and the financial assets on hand are adjusted as necessary.

A Line of Credit is available to RBTC to fund larger approved charitable initiatives and restricted donations projects to have funding available during interim periods until receivables are collected from philanthropic and government entities.

The organization's financial assets available within one year for general expenditures as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	207,190	250,852
Grants receivable, net	<u>118,182</u>	<u>128,670</u>
Total financial assets	325,372	379,522
Less amounts not available to be used within one year	<u>(20,000)</u>	<u>(35,000)</u>
Total financial assets not available to be used within one year	(20,000)	(35,000)
Total financial assets available to meet cash needs to general expenditures within one year	<u>\$ 305,372</u>	<u>\$ 344,522</u>

In order to provide information about liquidity, assets have been sequenced according to their nearness to conversion to cash. As of December 31, 2022 and 2021, the financial assets are subject to a donor or contractual restrictions in the total amount of \$20,000 and \$35,000, respectively. See Note 10 for a complete description of the matter.

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Note 10 - Net Assets with Donor Restrictions

At December 31, 2022 and 2021, RTBC had net assets with donor restrictions in the total amount of \$20,000 and \$35,000, respectively. The balance consists of the following restricted funding:

- The Home Depot grant of \$16,000 and \$4,000 of the National RT grant. These are restricted for work to be performed in 2023.
- The remainder of the 2021 City of Davie contract payment. The contract has an initial payment of \$40,000 and a final payment of \$40,000. At the end of 2021, no homes have been worked on, however outreach efforts were being made to identify clients. Therefore, \$35,000 of the contract is restricted for work in 2022.

Note 11 - Employee Compensation and Benefits

The Organization’s payroll company is PEO - Kymberly Group Payroll Solutions that maintains the organization’s payroll. As of December 31, 2022 and 2021, RTBC had four full-time employees in the Administration and Management Department who get paid salary under a semi-monthly schedule.

The organization also uses various independent technicians and other contractors who get paid on a contractual basis depending on what kind of services they perform.

RTBC offers a retirement savings plan to employees for the year ended December 31, 2022 and 2021. The organization provides a Safe Harbor matching contribution of 100% of the participant’s deferral amount not exceeding 5% of the participant’s eligible contribution. The total cost associated with the retirement savings plan is included in Statement of Functional Expenses under Salaries and benefits.

Note 12 - Operating Leases

The organization has operating lease for its office and storage space. The following is a schedule of future minimum rental schedule:

2023	\$26,625
2024	-
2025	-
2026	-
2027	-
Thereafter	-

Total \$ 26,625

The total rental expenses, paid by the Organization, under operating leases for the years ended December 31, 2022 and 2021 was \$48,653 and \$18,927, respectively and is included in the Statement of Functional Expenses under occupancy. The Organization lease expires at the end of April 2022. The Organization is currently in negotiations with the landlord to have the lease extended.

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Note 13 – Subsequent Events

The Organization did not have any other subsequent events through May 24, 2023, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2022.