

REBUILDING TOGETHER DC ALEXANDRIA

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020



Certified Public Accountants

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Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Rebuilding Together DC Alexandria

We have audited the accompanying financial statements of **Rebuilding Together DC Alexandria** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 financial position of **Rebuilding Together DC Alexandria** as of June 30, 2021 and 2020, 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.

Kositzka, Wicks and Company

Alexandria, Virginia
November 9, 2021

Rebuilding Together DC Alexandria

Statements of Financial Position

June 30,

2021

2020

Assets

Current assets

Cash and cash equivalents	\$ 399,566	\$ 241,453
Restricted cash - Housing funds	331,921	287,068
Total cash and cash equivalents	<u>731,487</u>	<u>528,521</u>
Investments	639,708	893,183
Accounts receivable	106,953	15,000
Pledges receivable	10,180	-
Property, available for sale	172,835	571,563
Prepaid expenses	3,636	4,214
Total current assets	<u>1,664,799</u>	<u>2,012,481</u>

Other assets

Deposits	5,323	7,883
Property and equipment, net	26,344	32,494
Total other assets	<u>31,667</u>	<u>40,377</u>
Total assets	<u>\$ 1,696,466</u>	<u>\$ 2,052,858</u>

Liabilities

Current liabilities

Accounts payable	\$ 80,023	\$ 16,862
Payroll tax liability	34,072	-
Refundable advances - general	147,750	549,750
Refundable advances - Housing Trust Fund	199,197	341,517
Refundable advances - HOME	122,928	123,703
Refundable advances - CDBG	356,085	384,716
SBA Paycheck Protection Program loan	119,700	-
Total liabilities	<u>1,059,755</u>	<u>1,416,548</u>

Net assets

Without donor restrictions	636,711	621,310
With donor restrictions	-	15,000
	<u>636,711</u>	<u>636,310</u>
Total liabilities and net assets	<u>\$ 1,696,466</u>	<u>\$ 2,052,858</u>

The accompanying independent auditor's report and notes are an integral part of these financial statements.

Rebuilding Together DC Alexandria

Statement of Activities for the year ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Contributions – corporate and foundations	\$ 1,048,871	\$ -	\$ 1,048,871
Contributions – individuals and churches	211,686	-	211,686
Government grants	320,565	-	320,565
Management fee income	42,500	-	42,500
Investment income, net	150,439	-	150,439
In-kind donations	55,940	-	55,940
Special events income, net of \$308 expenses	1,998	-	1,998
Net assets released	15,000	(15,000)	-
	<u>1,846,999</u>	<u>(15,000)</u>	<u>1,831,999</u>
Expenses			
Program services			
Safe and Healthy Homes	1,388,898	-	1,388,898
Home of Your Own	41,367	-	41,367
Community Strong	61,074	-	61,074
Supporting services			
General and administrative	170,400	-	170,400
Fundraising	169,859	-	169,859
	<u>1,831,598</u>	<u>-</u>	<u>1,831,598</u>
Change in net assets	15,401	(15,000)	401
Net assets, beginning of year	621,310	15,000	636,310
Net assets, end of year	<u>\$ 636,711</u>	<u>\$ -</u>	<u>\$ 636,711</u>

The accompanying independent auditor's report and notes are an integral part of these financial statements.

Rebuilding Together DC Alexandria

Statement of Activities for the year ended June 30, 2020

	Without donor restrictions	With donor restrictions	Total
Support and revenue			
Contributions – corporate and foundations	\$ 564,343	\$ 15,000	\$ 579,343
Contributions – individuals and churches	125,035	-	125,035
Government grants	403,274	-	403,274
Management fee income	63,000	-	63,000
Investment income, net	18,749	-	18,749
In-kind donations	92,281	-	92,281
Special events income, net of \$9,226 expenses	39,062	-	39,062
Other income	32,447	-	32,447
Net assets released	55,000	(55,000)	-
	<u>1,393,191</u>	<u>(40,000)</u>	<u>1,353,191</u>
Expenses			
Program services			
Safe and Healthy Homes	1,108,015	-	1,108,015
Home of Your Own	53,879	-	53,879
Community Strong	85,907	-	85,907
Supporting services			
General and administrative	200,041	-	200,041
Fundraising	128,380	-	128,380
	<u>1,576,222</u>	<u>-</u>	<u>1,576,222</u>
Change in net assets	(183,031)	(40,000)	(223,031)
Net assets, beginning of year	804,341	55,000	859,341
Net assets, end of year	<u>\$ 621,310</u>	<u>\$ 15,000</u>	<u>\$ 636,310</u>

The accompanying independent auditor's report and notes are an integral part of these financial statements.

Rebuilding Together DC Alexandria

Statement of Functional Expenses for the year ended June 30, 2021

	Safe and Healthy Homes	Home of Your Own	Community Strong	Total Program	General and administrative	Fundraising	Cost of direct benefit to donors	Total
Salary and related								
Salaries and wages	\$ 319,082	\$ 22,560	\$ 4,750	\$ 346,392	\$ 91,027	\$ 139,159	\$ -	\$ 576,578
Payroll taxes	19,620	1,387	292	21,299	5,597	8,557	-	35,453
Employee benefits	17,872	1,264	266	19,402	5,099	7,794	-	32,295
Other expenses								
Accounting fees	4,400	-	-	4,400	12,881	-	-	17,281
Building supplies	244,747	6,857	29,440	281,044	354	-	-	281,398
Contract labor	571,972	6,539	19,550	598,061	950	-	-	599,011
Cost of direct benefit to donors	-	-	-	-	-	-	308	308
Depreciation and amortization	5,562	393	83	6,038	1,586	2,426	-	10,050
Insurance	16,657	1,178	248	18,083	4,752	7,265	-	30,100
Licenses and fees	1,665	-	-	1,665	75	-	-	1,740
Meals	87	-	-	87	461	-	-	548
Membership	15,076	-	4,733	19,809	-	-	-	19,809
Miscellaneous	24	-	290	314	1,974	-	-	2,288
Occupancy	52,114	388	622	53,124	-	-	-	53,124
Office expenses	7,303	-	-	7,303	2,718	1,479	-	11,500
Postage and delivery	6,155	-	-	6,155	2,629	4	-	8,788
Printing and copying	7,016	-	-	7,016	2,707	-	-	9,723
Promotion	79	-	-	79	865	2,049	-	2,993
Professional development	899	511	-	1,410	8,670	48	-	10,128
Professional fees	33,500	-	-	33,500	7,000	-	-	40,500
Public relations and advertising	12,702	-	800	13,502	2,178	278	-	15,958
Telephone	1,883	-	-	1,883	280	200	-	2,363
Travel	1,052	-	-	1,052	126	22	-	1,200
Website	6,796	23	-	6,819	5,433	578	-	12,830
	<u>1,346,263</u>	<u>41,100</u>	<u>61,074</u>	<u>1,448,437</u>	<u>157,362</u>	<u>169,859</u>	<u>308</u>	<u>1,775,966</u>
In-kind donations								
In-kind supplies/materials	8,678	-	-	8,678	-	-	-	8,678
In-kind services/labor/rent	33,957	267	-	34,224	13,038	-	-	47,262
	<u>42,635</u>	<u>267</u>	<u>-</u>	<u>42,902</u>	<u>13,038</u>	<u>-</u>	<u>-</u>	<u>55,940</u>
Total expenses	<u>1,388,898</u>	<u>41,367</u>	<u>61,074</u>	<u>1,491,339</u>	<u>170,400</u>	<u>169,859</u>	<u>308</u>	<u>1,831,906</u>
Less expenses included with revenues on the statement of activities								
Cost of direct benefit to donors	-	-	-	-	-	-	(308)	(308)
Total expenses included in the expense section on the statement of activities	<u>\$ 1,388,898</u>	<u>\$ 41,367</u>	<u>\$ 61,074</u>	<u>\$ 1,491,339</u>	<u>\$ 170,400</u>	<u>\$ 169,859</u>	<u>\$ -</u>	<u>\$ 1,831,598</u>

The accompanying independent auditor's report and notes are an integral part of these financial statements.

Rebuilding Together DC Alexandria

Statement of Functional Expenses for the year ended June 30, 2020

	Safe and Healthy Homes	Home of Your Own	Community Strong	Total Program	General and administrative	Fundraising	Cost of direct benefit to donors	Total
Salary and related								
Salaries and wages	\$ 306,149	\$ 41,948	\$ 5,777	\$ 353,874	\$ 100,039	\$ 92,859	\$ -	\$ 546,772
Payroll taxes	21,954	3,008	414	25,376	7,174	6,659	-	39,209
Employee benefits	11,444	1,568	216	13,228	3,740	3,471	-	20,439
Other expenses								
Accounting fees	16,500	1,500	-	18,000	12,170	-	-	30,170
Building supplies	156,640	-	48,159	204,799	-	63	-	204,862
Contract labor	341,854	2,210	25,144	369,208	-	-	-	369,208
Depreciation and amortization	4,951	678	94	5,723	1,618	1,502	-	8,843
Insurance	14,238	1,951	269	16,458	4,652	4,318	-	25,428
Licenses and fees	580	-	6	586	394	-	-	980
Meals	307	-	64	371	1,663	250	1,466	3,750
Membership	14,652	-	101	14,753	4,630	-	-	19,383
Miscellaneous	2,345	214	125	2,684	3,165	191	1,118	7,158
Occupancy	49,186	572	356	50,114	5,485	-	-	55,599
Office expenses	4,260	-	-	4,260	1,675	-	-	5,935
Postage and delivery	8,426	2	2	8,430	501	1,249	-	10,180
Printing and copying	27,679	-	-	27,679	382	32	-	28,093
Prizes	-	-	-	-	-	-	310	310
Promotion	4,894	-	-	4,894	-	7,652	-	12,546
Professional development	2,253	-	-	2,253	7,819	162	-	10,234
Professional fees	4,167	-	4,167	8,334	27,089	9,000	-	44,423
Public relations and advertising	14,350	-	48	14,398	4,102	331	-	18,831
Site rental	-	-	-	-	-	-	6,332	6,332
Telephone	621	-	-	621	1,664	120	-	2,405
Travel	6,651	228	965	7,844	512	387	-	8,743
Website	1,633	-	-	1,633	11,567	134	-	13,334
	<u>1,015,734</u>	<u>53,879</u>	<u>85,907</u>	<u>1,155,520</u>	<u>200,041</u>	<u>128,380</u>	<u>9,226</u>	<u>1,493,167</u>
In-kind donations								
In-kind supplies/materials	18,876	-	-	18,876	-	-	-	18,876
In-kind services/labor/rent	73,405	-	-	73,405	-	-	-	73,405
	<u>92,281</u>	<u>-</u>	<u>-</u>	<u>92,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,281</u>
Total expenses	<u>1,108,015</u>	<u>53,879</u>	<u>85,907</u>	<u>1,247,801</u>	<u>200,041</u>	<u>128,380</u>	<u>9,226</u>	<u>1,585,448</u>
Less expenses included with revenues on the statement of activities								
Cost of direct benefit to donors	-	-	-	-	-	-	(9,226)	(9,226)
Total expenses included in the expense section on the statement of activities	<u>\$ 1,108,015</u>	<u>\$ 53,879</u>	<u>\$ 85,907</u>	<u>\$ 1,247,801</u>	<u>\$ 200,041</u>	<u>\$ 128,380</u>	<u>\$ -</u>	<u>\$ 1,576,222</u>

The accompanying independent auditor's report and notes are an integral part of these financial statements.

Rebuilding Together DC Alexandria

Statements of Cash Flows

for the years ended June 30,

2021

2020

Cash flows from operating activities

Change in net assets	\$	401	\$	(223,031)
Adjustments to reconcile change in net assets to net cash from operating activities				
Depreciation and amortization		10,050		8,843
Loss on sale of properties		166,505		214,646
Realized and unrealized (gain) loss on investments		(127,069)		4,470
Receipt of donated securities		(3,664)		-
(Increase) decrease in operating assets				
Accounts receivable		(91,953)		20,000
Pledges receivable		(10,180)		-
Prepaid expenses		578		12,564
Deposits		2,560		(2,560)
Increase (decrease) in operating liabilities				
Accounts payable		63,161		(15,359)
Payroll tax liability		34,072		(1,000)
Refundable advances - general		(402,000)		549,750
Refundable advances - Housing Trust Fund		(142,320)		84,936
Refundable advances - HOME		(775)		(30,802)
Refundable advances - CDBG		(28,631)		(115,284)
Proceeds from sale of property		861,841		1,005,297
Purchase of property, available for sale and improvements		(629,618)		(1,224,773)
Net cash provided by (used in) operating activities		(297,042)		287,697

Cash flows from investing activities

Purchase of property and equipment		(3,900)		(6,751)
Proceeds from sale of investments		407,000		-
Purchase of investments and net reinvestments		(22,792)		(298,513)
Net cash provided by (used in) investing activities		380,308		(305,264)

Cash flows from financing activities

SBA Paycheck Protection Program loan proceeds		119,700		-
Proceeds from line of credit		-		64,000
Repayment of line of credit		-		(64,000)
Net cash provided by financing activities		119,700		-

Net change in cash, restricted cash and cash equivalents

		202,966		(17,567)
Cash, restricted cash and cash equivalents, beginning of year		528,521		546,088
Cash, restricted cash and cash equivalents, end of the year	\$	731,487	\$	528,521

Supplemental disclosure of cash flow information

Cash paid for interest	\$	-	\$	-
Income taxes paid	\$	-	\$	-

The accompanying independent auditor's report and notes are an integral part of these financial statements.

Rebuilding Together DC Alexandria

Notes to Financial Statements June 30, 2021 and 2020

1. Organization

Rebuilding Together DC Alexandria (the Organization) is a nonprofit organization, incorporated in Commonwealth of Virginia on September 5, 1986. The purpose of the Organization is to enhance the quality of life of low income persons in the City of Alexandria, Virginia, by enhancing their safety, security, and independence. In 2018, the Organization expanded their program into DC by assuming an affiliate location. Activity for the DC program commenced during the year ended June 30, 2019. The Organization's programs continue to focus on a National Rebuilding Day, as well as other year-round projects, to repair and revitalize homes, neighborhoods, and communities. Rebuilding Together DC Alexandria is supported primarily by voluntary contributions of time and money; and funding from corporations, individuals, labor organizations, foundations, civic organizations, churches and synagogues, and grants from local jurisdictions.

2. Summary of significant accounting policies

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial statement presentation

The Organization reports 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 are net assets available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, restricted cash and cash equivalents

The Organization maintains cash in bank accounts which may, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash. FDIC insurance is \$250,000 per depositor, per insured bank.

Cash received from federal funds and other housing grants are held in separate bank accounts and reported as restricted cash on the accompanying statements of financial position.

Pledges and accounts receivable

Unconditional promises to give are recognized as revenue in the period pledged. Conditional promises to give are recognized as revenue without restrictions when the donor imposed conditions on which they depend are substantially met.

See independent auditor's report.

Rebuilding Together DC Alexandria

Notes to Financial Statements June 30, 2021 and 2020

All receivable balances (receivables for grants and contributions) as of June 30, 2021 and 2020 are due within one year. As a result, receivables are measured at net realizable value which approximates fair market value. Allowances for receivables are determined by management based on an assessment of their collectability. Management considers past history, current economic conditions, and overall viability of the third party. Based on this assessment, the Organization considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Property and equipment

Property is recorded at cost as of the date of acquisition, or fair market value at the date of donation for donated assets. The Organization capitalizes purchases over \$500. Depreciation is calculated using the straight-line method over estimated useful lives of five to seven years.

Website

Website costs are recorded in accordance with generally accepted accounting principles, costs incurred to plan the website were expensed as incurred while costs incurred to develop the infrastructure and graphics of the website were capitalized. All costs to operate the site are expensed as incurred. The capitalized costs were amortized over 36 months and are included in property and equipment on the statements of financial position.

Support and revenue recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as donor-restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor 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 and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

The Organization receives government grants and management fee income which are accounted for as exchange transactions. Accordingly, revenues are recognized over time as they are earned and expenses are recorded when incurred. Revenue from exchange transactions also consists of an exchange portion of tickets sold for the Organization's special event. No in-person event occurred during the year-ended June 30, 2021 and thus no exchange portion exists. For the year ended June 30, 2020, the exchange portion of tickets was \$4,350. All remaining sources of support and revenue are contributions.

Refundable advances

General

Deferred revenue consists of contributions received that are conditional upon the occurrence of a specific event or performance of services. Deferred revenue as of June 30, 2020 consisted of \$161,250 for National Rebuilding Day events and \$387,500 in specific program services. All events and programs were scheduled to be held during the year ending June 30, 2021. However, due to the ongoing pandemic, events had to be postponed further. Deferred revenue as of June 30, 2021 consisted of \$147,750 for National Rebuilding Day events.

Housing funds

Rebuilding Together DC Alexandria receives revenues in the form of cash contributions and grants from the federal and local state governments, other organizations and individuals for specified programs. Refundable advances have been recorded to the extent that amounts received are in excess of grant expense, and to the extent of conditional contributions received before the condition has been met. In accordance with HOME, CDBG and Housing Trust Fund grant regulations, proceeds from the sale of refurbished homes are to be retained by the Organization and used toward the purchase of future home purchases. Proceeds are treated as additional grant proceeds in the year received and deferred until the sale of the property.

See independent auditor's report.

Rebuilding Together DC Alexandria

Notes to Financial Statements June 30, 2021 and 2020

Refundable advances – HOME, Refundable advances – Housing Trust Fund and Refundable advances – CDBG on the statements of financial position is reduced by amounts incurred for management fees by the Organization and any resulting gain or loss from the sale of individual refurbished homes.

In-kind donations

A substantial number of volunteers donate time to the Organization's program services. The skilled donated services are reflected in the financial statements since the services require specialized skills as defined by U.S. generally accepted accounting principles and are an integral part of the Organization's purpose. Donated property is reflected as a revenue or asset at the fair market value of the property on date of donation. In-kind donations are detailed in Note 7 of these financial statements.

Advertising

Advertising costs are expensed as incurred. Advertising expense totaled \$4,436 and \$- for 2021 and 2020, respectively and is included in public relations and advertising expenses on the statements of functional expenses.

Functional classification of expenses

The costs of providing the programs and services are summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates of the use of resources and service efforts during the year. Salaries, payroll taxes, employee benefits, insurance, depreciation and occupancy have been allocated across functional areas based on an estimate of time spent by personnel.

Fair value of financial assets and liabilities

Financial assets with carrying values approximating fair value include cash and cash equivalents, restricted cash, prepaid expenses, pledges and accounts receivable. Financial liabilities with carrying values approximating fair value include accounts payable, payroll tax liability, and deferred revenue. The carrying value of these financial assets and liabilities approximates fair value due to their short maturities and any associated interest rates approximate current market rates.

Income taxes

Rebuilding Together DC Alexandria is exempt from federal income tax as a nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation. The Organization did not have a liability for unrelated business income for the years ended June 30, 2021 and 2020.

The Organization is subject to taxation in the U.S. and a small number of state and local jurisdictions. The material jurisdictions subject to potential examination by taxing authorities include the U.S. and Virginia. Management does not believe that the ultimate outcome of any future examinations of open tax years will have a material impact on the Organization's results of operations. Tax years that remain subject to examination by the IRS are fiscal years 2018 through 2021.

Recently adopted accounting pronouncements

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 (as amended by ASU 2015-14), which provides a single comprehensive accounting standard for revenue recognition for contracts with customers and supersedes current industry-specific guidance. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2019. The Organization adopted the standard on its effective date, which for the Organization was July 1, 2020, using a modified retrospective method with no effect on net assets.

See independent auditor's report.

Rebuilding Together DC Alexandria

Notes to Financial Statements June 30, 2021 and 2020

New accounting pronouncements

The FASB issued ASU 2016-02, which requires lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with terms greater than 12 months. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2020. The Organization adopted the standard on its effective date, which for the Organization was July 1, 2021. The Organization has not evaluated the impact of this statement.

3. Investments and fair value measurements

Investment income for the years ended June 30, 2021 and 2020 consisted of the following:

	2021	2020
Interest	\$ 155	\$ 3,440
Dividends	16,786	18,823
Capital gains distributions	13,709	4,719
Investment fees	(10,944)	(3,763)
Realized and unrealized gain on investments	130,733	(4,470)
	<u>\$ 150,439</u>	<u>\$ 18,749</u>

Rebuilding Together DC Alexandria classifies its investment into Level 1, which refers to securities valued using quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Investments for the year ended June 30, 2021 consisted of the following:

	Level 1	Level 2	Level 3	Total assets at fair value
Cash and money funds	\$ 14,879	\$ -	\$ -	\$ 14,879
Mutual funds:				
Large growth fund	217,028	-	-	217,028
Mid growth fund	52,957	-	-	52,957
International value fund	58,342	-	-	58,342
Large cap value fund	33,062	-	-	33,062
Fixed income	262,070	-	-	262,070
Equities	1,370	-	-	1,370
	<u>\$ 639,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 639,708</u>

See independent auditor's report.

Rebuilding Together DC Alexandria

Notes to Financial Statements June 30, 2021 and 2020

Investments for the year ended June 30, 2020 consisted of the following:

	Level 1	Level 2	Level 3	Total assets at fair value
Cash and money funds	\$ 14,314	\$ -	\$ -	\$ 14,314
Mutual funds:				
Large growth fund	33,342	-	-	33,342
Mid growth fund	183,979	-	-	183,979
International value fund	97,841	-	-	97,841
Large cap value fund	46,062	-	-	46,062
Fixed income	456,903	-	-	456,903
Exchange traded funds:				
Large growth fund	41,269	-	-	41,269
Small blend fund	19,473	-	-	19,473
	<u>\$ 893,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 893,183</u>

4. Property, available for sale

Home Investment Partnership (HOME)

In July 2013, the Organization was the subrecipient of a \$500,000 grant from the Department of Housing and Urban Development through the City of Alexandria's Home Investment Partnership (HOME) for the acquisition, rehabilitation and sale of foreclosed homes to qualified buyers.

In accordance with HOME Investment Partnership terms of agreement, the proceeds and losses from sales are added to or reduced from the refundable advances – HOME grant for the purchase of future foreclosed homes.

During the fiscal years ended June 30, 2021 and 2020, no properties were purchased.

Community Development Block Grant (CDBG)

In May 2019, the Organization was loaned \$500,000 in CDBG funds to be used for Alexandria Neighborhood Stabilization Program property acquisitions with all sales proceeds to be repaid to the City upon sales of the acquired homes. For the fiscal year ended June 30, 2020, one home was purchased for \$179,222 in October 2019. Three properties were sold during fiscal year 2020, generating proceeds of \$527,004. For the fiscal year ended June 30, 2021, one home was purchased for \$180,703 in February 2021 and later sold in June 2021 generating proceeds of \$173,304. The grant funds are held as a refundable advance - CDBG on the accompanying statements of financial position. Subsequent to year-end, in August 2021, the Organization purchased one home for \$206,722.

Housing Trust Fund (HTF)

In June 2018, the Organization received \$300,000 in grant proceeds from the City of Alexandria's Housing Trust Fund to continue the Alexandria Neighborhood Stabilization Program. During fiscal year 2020, two properties were purchased and sold generating proceeds for the city of \$339,645. An additional three properties were bought during fiscal year 2020. Total purchase price and rehab costs were \$571,563 for the year ended June 30, 2020 and are included in property, available for sale on the accompanying statements of financial position. For the fiscal year ended June 30, 2021, two homes were purchased in August 2020 and May 2021. Four homes were sold in fiscal year 2021, generating proceeds of \$688,497. Subsequent to year-end, in July 2021, the Organization purchased one home for \$175,327 and sold one home with proceeds of \$150,467.

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Rebuilding Together DC Alexandria

Notes to Financial Statements June 30, 2021 and 2020

Property, available for sale, consisted of the following at June 30, 2021:

	<u>Gross purchase price</u>	<u>Capitalized improvements</u>	<u>Total cost</u>	<u>Purchase date</u>
<i>Housing Trust Fund:</i>				
75 S. Reynolds St #214	167,835	5,000	172,835	May 24
	<u>\$ 167,835</u>	<u>\$ 5,000</u>	<u>\$ 172,835</u>	

Property, available for sale, consisted of the following at June 30, 2020:

	<u>Gross purchase price</u>	<u>Capitalized improvements</u>	<u>Total cost</u>	<u>Purchase date</u>
<i>Housing Trust Fund:</i>				
5915 Mayflower Sq #302	\$ 158,086	\$ 40,007	\$ 198,093	February 11
3330 28th St #304	169,319	18,663	187,982	April 27
60 Van Dorn St #508	179,018	6,470	185,488	June 3
	<u>\$ 506,423</u>	<u>\$ 65,140</u>	<u>\$ 571,563</u>	

5. Property and equipment

A summary of property and equipment for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>	<u>Useful life</u>
Computer equipment	\$ 21,194	\$ 17,294	5 - 7 years
Leasehold improvements	2,729	2,729	5 years
Vehicles and equipment	48,289	48,289	5 years
Website	16,000	16,000	3 years
	<u>88,212</u>	<u>84,312</u>	
Accumulated depreciation and amortization	(61,868)	(51,818)	
	<u>\$ 26,344</u>	<u>\$ 32,494</u>	

Depreciation expense for the years ending June 30, 2021 and 2020 was \$10,050 and \$8,842, respectively.

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Notes to Financial Statements June 30, 2021 and 2020

6. Building lease

Rebuilding Together DC Alexandria leases office space in Alexandria, VA. The original lease terminated on January 31, 2016 and has been periodically renewed. An addendum was signed in April 2019 for another suite, which established base rental payments of \$515 through April 2020. In July 2021, the lease for the original suite was renewed again through December 2021. Rent and storage expense for the years ended June 30, 2021 and 2020, totaled \$53,124 and \$55,599, respectively. Future minimum payments for the fiscal year ending June 30, 2022 total \$21,817.

7. In-kind donations

The Organization receives various types of in-kind support. The Organization records the value of donated services and skilled labor in the financial statements, which is in accordance with U.S. generally accepted accounting principles. These hours were recorded at market rates valued by the professional service or skilled laborer. As a result of the COVID-19 pandemic, the Organization experienced a significant reduction in volunteer labor as housing projects were delayed.

A summary of in-kind donations received for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Donated labor	\$ 46,857	\$ 68,171
Donated professional services	405	5,234
Donated supplies and materials	8,678	18,876
	<u>\$ 55,940</u>	<u>\$ 92,281</u>

The Organization also receives support from un-skilled volunteers whose contributions are not reflected in the financial statements or in the table above. In 2021, the support received is estimated to be valued at \$29.14 an hour in Virginia, and \$48.67 an hour in D.C. In 2020, the support received is estimated to be valued at \$28.46 an hour in Virginia, and \$44.14 an hour in D.C. In 2021, the Organization received un-skilled volunteer hours of 3.5 in D.C. and 13 hours in Virginia, resulting in a contributions of approximately \$379 and \$170 from D.C. and Virginia volunteers, respectively. In 2020, the Organization received un-skilled volunteer hours of 909 in D.C. and 279 hours in Virginia, resulting in a contributions of approximately \$40,101 and \$7,926 from D.C. and Virginia volunteers, respectively. These hours were valued according to the national Rebuilding Together organization recommendation for un-skilled volunteers.

8. Net assets with donor restrictions

Net assets are restricted for specific events or programs as well as for future periods. Restrictions on these assets are removed when expenses are incurred.

For June 30, 2021 and 2020, net assets with donor restrictions consisted of the following:

	<u>2020</u>	<u>Additions</u>	<u>Released</u>	<u>2021</u>
Restricted for future projects				
Shoemaker Foundation	\$ 15,000	\$ -	\$ (15,000)	\$ -

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Rebuilding Together DC Alexandria

Notes to Financial Statements June 30, 2021 and 2020

	<u>2020</u>	<u>Additions</u>	<u>Released</u>	<u>2020</u>
Restricted for future projects				
Fannie Mae	\$ 25,000	\$ -	\$ (25,000)	\$ -
Restricted for future periods				
Cafritz Foundation	25,000	-	(25,000)	-
National Lutheran Communities & Services	5,000	-	(5,000)	-
Shoemaker Foundation	-	15,000	-	15,000
	<u>\$ 55,000</u>	<u>\$ 15,000</u>	<u>\$ (55,000)</u>	<u>\$ 15,000</u>

9. Line of credit

During 2018, the Organization established a line of credit agreement with a bank of \$275,000. At June 30, 2021 and 2020, there was no outstanding balance. The line bears interest at the bank's prime lending rate which was 5.75 percent at June 30, 2021 and 2020, respectively. The line is reviewed annually and is due on demand.

10. Related party transactions

Rebuilding Together DC Alexandria is an affiliate of Rebuilding Together National. As an affiliate, the Organization is required to make certain payments to the National office which include \$18,930 and \$17,828, respectively for the years ended June 30, 2021 and 2020 for membership fees which are included in membership in the statements of functional expenses.

11. Liquidity and availability

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The following table reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor or contractual restrictions.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 399,566	\$ 241,453
Pledges and accounts receivable	117,133	15,000
Investments	639,708	893,183
	<u>1,156,407</u>	<u>1,149,636</u>
Less amounts not available for general expenditure within the next 12 months		
Net assets with donor restrictions	-	(15,000)
	<u>\$ 1,156,407</u>	<u>\$ 1,134,636</u>

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Rebuilding Together DC Alexandria

Notes to Financial Statements June 30, 2021 and 2020

12. SBA Paycheck Protection Program loan

Under the “Coronavirus Aid, Relief, and Economic Security (CARES) Act” funds were appropriated for the SBA Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment. The Organization obtained a loan through the SBA Paycheck Protection Program of \$94,834 during April 2020. In accordance with FASB ASC 958-605, management expected to meet the loan’s eligibility criteria and concluded that the loan represents, in substance, a conditional contribution that was expected to be forgiven. The proceeds were fully expended prior to June 30, 2020 and were included in government grants on the statement of activities for the year ended June 30, 2020.

In February 2021, the Organization received additional PPP funds of \$119,700. As the proceeds were not fully expended prior to June 30, 2021, the funds were included with current liabilities on the statement of financial position as of June 30, 2021. In October 2021, the additional loan was forgiven in full.

13. Subsequent events

The Organization assessed events occurring subsequent to June 30, 2021 through November 9, 2021, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. As disclosed in Note 4, the Organization purchased two properties subsequent to year-end. No other events have occurred that would require adjustment to or disclosure in the financial statements.