REBUILDING TOGETHER OF GREATER CHARLOTTE, INC.

FINANCIAL STATEMENTS
JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Rebuilding Together of Greater Charlotte, Inc.
Charlotte, North Carolina

Opinion

We have audited the accompanying financial statements of Rebuilding Together of Greater Charlotte, Inc. (the "Organization" - a nonprofit organization), which comprise the statement of financial position as of June 30, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rebuilding Together of Greater Charlotte, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Rebuilding Together of Greater Charlotte, Inc. and to 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 Rebuilding Together of Greater Charlotte, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of Rebuilding Together of Greater Charlotte, 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rebuilding Together of Greater Charlotte, 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.

C. DeWitt Foard & Company, P.A.

November 8, 2022

Rebuilding Together of Greater Charlotte, Inc.

Statement of Financial Position

June 30, 2022

ASSETS

Current Assets:		
Cash	$	251,484
Receivables:		
Pledges		675,450
Sales tax		1,178
Prepaid expenses		18,313
Total Current Assets		***946,425***
Fixed Assets:		
Vehicles		61,785
Less: accumulated depreciation		(14,853)
Total Fixed Assets		***46,932***
TOTAL	***$***	***993,357***

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accrued expense	$	35,311
Accrued payroll		7,596
Total Current Liabilities		***42,907***
Net Assets:		
Without donor restrictions		103,683
With donor restrictions		846,767
Total Net Assets		***950,450***
TOTAL	***$***	***993,357***

Rebuilding Together of Greater Charlotte, Inc.
Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	TOTALS
SUPPORT AND REVENUE			
Grants and contributions	$ 50,076	$ 1,257,871	$ 1,307,947
In-kind contributions	49,958	-	49,958
Other income	1,338	-	1,338
Net assets relased from restriction:			
By purpose	673,431	(673,431)	-
Total Support and Revenue	***774,803***	***584,440***	***1,359,243***
EXPENSES			
Program services	630,614	-	630,614
Management and general	112,551	-	112,551
Fundraising	79,776	-	79,776
Total Expenses	***822,941***	***-***	***822,941***
CHANGE IN NET ASSETS	***(48,138)***	***584,440***	***536,302***
NET ASSETS, BEGINNING	***151,821***	***262,327***	***414,148***
NET ASSETS, ENDING	***$ 103,683***	***$ 846,767***	***$ 950,450***

Rebuilding Together of Greater Charlotte, Inc.

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	TOTALS
PERSONNEL				
Salaries	$ 170,348	$ 31,717	$ 33,963	$ 236,028
Payroll taxes	13,295	2,450	1,812	17,557
Benefits	17,114	3,415	2,492	23,021
Total	***200,757***	***37,582***	***38,267***	***276,606***
OTHER EXPENSES				
Project expenses	168,624	-	-	168,624
Contracted services	227,062	7,500	-	234,562
Administrative	2,679	12,441	12,706	27,826
Insurance	-	10,559	17,180	27,739
Occupancy	-	18,040	-	18,040
Dues and subscriptions	15,021	710	-	15,731
Depreciation	12,640	-	-	12,640
Development	2,948	7,045	342	10,335
Professional services	30	9,540	-	9,570
Travel	255	7,711	60	8,026
Marketing	598	1,373	3,774	5,745
Events	-	-	5,497	5,497
Website	-	-	1,820	1,820
Bank fees	-	50	130	180
Total	***429,857***	***74,969***	***41,509***	***546,335***
TOTAL EXPENSES	***$ 630,614***	***$ 112,551***	***$ 79,776***	***$ 822,941***

Statement of Cash Flows

Year Ended June 30, 2022

OPERATING ACTIVITIES

Change in net assets	$ 536,302
Adjustments to reconcile change in net assets to	
net cash flows from operating activities:	
Depreciation expense	12,640
(Increase) decrease in operating assets:	
Pledges receivable	(543,850)
Sales tax receivable	(1,178)
Prepaid expenses	(18,313)
(Decrease) in operating liabilities	
Accrued expenses	351
Payroll liabilites	3,586
Cash Flows from Operating Activities	***(10,462)***

INVESTING ACTIVITIES

Purchase of fixed assets	(36,285)
Cash Flows from Investing Activities	***(36,285)***
NET CHANGE IN CASH AND CASH EQUIVALENTS	***(46,747)***
CASH AND CASH EQUIVALENTS, BEGINNING	***298,231***
CASH AND CASH EQUIVALENTS, ENDING	***$ 251,484***

NOTE 1 – NATURE OF OPERATIONS

Organization
Rebuilding Together of Greater Charlotte, Inc., (the Organization) is a North Carolina not-for-profit organization whose missions is repairing homes, revitalizing communities, and rebuilding lives in the areas in and surrounding Charlotte, North Carolina. The Organization mobilizes community volunteers and contractors to provide repairs that make homes safer and healthier for our neighbors in need. The vision is safe homes and communities for everyone.

Funding sources
The Organization is supported primarily through contributions and grants.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions can be both undesignated and designated in nature. Undesignated net assets without donor restrictions are those currently available for use in day-to-day operations and those resources invested in property and equipment. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives. Such amounts, if any, are reflected as designated net assets without donor restrictions in the accompanying statement of financial position.

Net Assets With Donor Restrictions - These net assets consist of amounts that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization or the passage of time, and net assets that are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. During the year ended June 30, 2022, the Organization had no funds to be maintained in perpetuity.

Revenue recognition
Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of cash and other assets are considered to be available for undesignated use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the 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.

Donated services and goods

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated goods, if significant, are included in support at fair value. During the year, the Organization recorded no donated services and $49,958 of donated goods. The donated goods consisted of $44,958 of donated windows for two projects and a $5,000 gift card from Lowe's to be utilized on a specific project. The recorded amount for the windows was based on what the fair market value of the windows.

The Organization receives a substantial amount of donated services from unpaid volunteers in carrying out its program activities. No amounts have been reflected in the financial statements for these services since they generally do not meet the criteria for recognition.

Functional allocation of expenses

Expenses that are inherently program, management and general, or fundraising, are charged directly to those functions. Personnel expenses are allocated based on an estimate of time and effort. Occupancy costs are allocated based on the estimated square footage utilized by that function. All other expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent.

Federal income tax status

The Organization has been recognized as a nonprofit organization and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code with respect to its exempt function income. The Organization is also classified as other than a private foundation as defined by Section 509(a) of the Internal Revenue Code.

Use of estimates

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

Cash

Cash consist of cash on hand, cash in banks, and money market funds.

Receivables

Pledges receivable consist of unconditional promises to give. All amounts are expected to be collected in the subsequent fiscal year, so no present value discount has been provided. In addition, management has determined that no allowance for doubtful accounts is necessary based on an evaluation of the receivables, historical experience, and current and anticipated economic conditions. Conditional promises to give are not recorded until the conditions are substantially met. At June 30, 2022, Organization had no conditional promises to give.

<u>*Property and equipment*</u>
Property is recorded at cost if purchased or fair value if donated, subject to a $2,500 capitalization policy. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred. Depreciation expense is recorded using the straight-line method of depreciation over the estimated useful lives of the assets, which is five years for the vehicles.

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

Purpose restricted and time-restricted net assets at year-end are as follows:

Purpose Restricted:		
Various home repair projects	$	746,016
Time-restricted:		
United Way		12,500
Fiscal year 2023		50,000
Total Time Restricted		62,500
Total Net Assets With Donor Restrictions	$	808,516

NOTE 4 – LEASES

<u>*Operating*</u>
The Organization leases office space under an operating lease agreement. Lease expense for the current fiscal year was $18,480. Future minimum rental payments under these leases are due during the year ended June 30:

2023	$	35,100
2024		72,315
2025		75,225
2026		78,210
TOTAL	$	260,850

<u>*Future pronouncements*</u>
In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases.* Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either financing or operating, with classifications affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2022. It is expected that the implementation of this standard will result in an increase in assets and liabilities, but it will not result in a material change in net assets.

NOTE 5 – CONCENTRATIONS OF RISK

Geographic area
The Organization operates in a small geographic area and is, therefore, sensitive to changes in the local economy.

Cash and cash equivalents and certificate of deposit
Cash held in bank accounts is insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). The Organization holds cash in excess of the insured limits covered by the FDIC; however, the Organization believes it is not exposed to any significant credit risk related to these accounts.

Support
During the year ended June 30, 2022, the Organization's top three donors provided 39 percent of the Organization's total support. This concentration of revenue represents a significant risk that operations could be impacted should funding from these donors be reduced or discontinued funding to the Organization.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Organization is an affiliate of Rebuilding Together. Under the Affiliate Partnership Agreement, the Organization is required to contribute an established percentage of its annual monetary income each year to the national organization as dues for the affiliation. The Organization paid the national organization $16,048 during the year ended June 30, 2022.

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has $928,112 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of $251,484 and receivables of $676,628, which are expected to be collected during the year ending June 30, 2023. Of the financial assets available, $746,016 are subject to donor restrictions that they be utilized for a specific purpose. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, Organization invests cash in excess of daily requirements in short-term investments, primarily money market funds.

NOTE 8 - RETIREMENT PLAN

The Organization provides retirement benefits under a 401(k) plan. Under this plan, the Organization matches employee contributions one-for-one with a maximum contribution of three percent of an employee's annual salary. Employees become eligible to participate in this plan from the first full month after their start date; however, funds are not fully vested until one year of employment. The Organization's retirement expense for the year ended June 30, 2022, was $6,586.

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.