Rebuild Upstate

Financial Statements
August 31, 2018
(With Independent Auditor's Report Thereon)

Rebuild Upstate

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HIGHSMITH & HIGHSMITH, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Board of Directors
Rebuild Upstate
Greenville, South Carolina

We have audited the accompanying financial statements of Rebuild Upstate (a nonprofit organization), which comprise the statement of financial position as of August 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 managements, 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 Rebuild Upstate as of August 31, 2018, 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.

Highsmith & Highsmith, LLC
Travelers Rest, South Carolina

December 10, 2018

Rebuild Upstate

Statement of Financial Position
August 31, 2018

Assets

Current Assets:		
Cash	$	117,520
Accounts receivable		15,948
Prepaids		4,866
Total current assets		138,334
Noncurrent Assets:		
Property and equipment - net of accumulated depreciation		39,750
Total noncurrent assets		39,750
Total assets	$	178,084

Liabilities and Net Assets

Current Liabilities:		
Accounts payable and other related liabilities	$	30,649
Unearned revenues		2,500
Accrued expenses		3,476
Total current liabilities		36,625
Total liabilities		36,625
Net Assets:		
Unrestricted		113,298
Temporarily restricted		28,161
Total net assets		141,459
Total liabilities and net assets	$	178,084

See accompanying notes to financial statements.

Rebuild Upstate

Statement of Activities
August 31, 2018

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Donations	$ 74,445	$ -	$ 74,445
Events	21,511	-	21,511
Grants	118,671	-	118,671
Homeowners	1,902	-	1,902
Contracts	431,325	-	431,325
Other	1,431	-	1,431
Net assets released from restrictions	-	-	-
Total revenues and other support	649,285	-	649,285
Expenses:			
Program services	562,257	-	562,257
Management and administrative	48,748	-	48,748
Fundraising	58,403		58,403
Total expenses	669,408	-	669,408
Change in unrestricted net assets	(20,123)	-	(20,123)
Net assets, beginning of year	133,421	28,161	161,582
Net assets, end of year	$ 113,298	$ 28,161	$ 141,459

See accompanying notes to financial statements.

Rebuild Upstate

Statement of Functional Expenses
August 31, 2018

	Program Services	Management & Administrative	Fundraising	Total
Compensation and benefits	$ 142,801	$ 27,708	$ 42,627	$ 213,136
Development	-	-	11,175	11,175
Travel	13,954	-	-	13,954
Depreciation	13,752	-	-	13,752
Office expenses	7,101	6,923	3,728	17,752
Professional services	197,742	6,116	-	203,858
Professional development	-	5,825	-	5,825
Advertising	3,046	1,433	-	4,479
Insurance	12,535	131	391	13,057
Miscellaneous	1,643	218	119	1,980
Tools and materials	167,411	-	-	167,411
Occupancy	2,272	394	363	3,029
	$ 562,257	$ 48,748	$ 58,403	$ 669,408

See accompanying notes to financial statements.

Rebuild Upstate

Statement of Cash Flows
August 31, 2018

Cash flows from operating activities:		
Change in net assets	$	(20,123)
Adjustments to reconcile change in net assets to net cash provided by (used) by operating activities		
Depreciation		13,752
Net change in operating assets and liabilities		
Accounts receivable		9,659
Prepaids		(593)
Accounts payable		7,541
Unearned revenue		2,500
Accrued expenses		(3,600)
Net cash provided (used) by operating activies		9,136
Cash flows from investing activities:		
Acquisition of property and equipment		(1,787)
Net cash provided (used) by investing activities		(1,787)
Cash flows from financing activities:		
Principal payments against line of credit		-
Net cash provided (used) by financing activities		-
Net increase (decrease) in cash		7,349
Cash, beginning of year		110,171
Cash, end of year	$	117,520

See accompanying notes to financial statements.

Rebuild Upstate

Notes to Financial Statements
August 31, 2018

Note 1 – Organization

Rebuild Upstate ("Organization") was organized and incorporated under the laws of the State of South Carolina in February 2007, as a not-for-profit Organization to assist the Upstate of South Carolina community by providing volunteers and materials to create safe, healthy, sustainable home environments for disabled, low-income and elderly people. The Organization exclusively repairs and improves existing homes. The Organization is a not-for-profit corporation exempt from federal and state income taxes under Section 501©(3) of the Internal Revenue Code.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. This basis recognizes revenues and the related assets when earned rather than when received, and expenses are recognized when incurred rather than when the obligation is paid.

Financial Statement Presentation

The Organization has adopted FASB ASC 958-205 *Not-For-Profit Presentation of Financial Statements*.

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

Unrestricted net assets – net assets not subject to donor-imposed stipulations. This includes funds that are designated for discretionary use by the Organization and board designated funds functioning as endowments.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. This includes annuity and life income funds, term endowments, the present value of contributions receivable, and earnings on investments.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. This includes the historical dollar amounts of gifts, the present value of contributions receivable, and earnings required to be added to the corpus as stipulated by the donor.

At August 31, 2018, there were no permanently restricted assets for the Organization.

Note 2 – Summary of Significant Accounting Policies, continued

Financial Statement Presentation, continued

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenues 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 to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Income and unrealized net gains or losses on investments are reported as follows:

As increase or decreases in permanently restricted net assets if the terms of the gift require that they are added to the principal of a permanent endowment fund;

As increases or decreases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income or by law;

As increases or decreases in unrestricted net assets in all other cases.

Cash and Cash Equivalents

The Organization considers all currency and demand deposits with an original maturity of three months or less to be cash equivalents. The Organization places its cash and cash equivalents on deposit with financial institutions in the United States.

During the year ended August 31, 2018, the Organization's cash balances did not exceed 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 and cash equivalents.

Note 2 – Summary of Significant Accounting Policies, continued

Accounts Receivables

Accounts receivable consist of amounts due from grantor agencies and donors to reimburse the Organization for costs incurred that are reimbursable though federal or state grants. All amounts are deemed collectible and an allowance for uncollectable has not been established.

Property and Equipment

Property and equipment are stated at cost at the date of acquisition. Cost for donated assets is stated at the appraised fair market value on the date of donation. Vehicles and equipment are depreciated using the straight-line method over the estimated useful lives of the respective assets, ranging from 5 to 7 years.

Maintenance and repairs are charged to expense as incurred.

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and unused holidays. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Organization and its employees are accrued as employees earn the rights to benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Organization and its employees are accounted for in the period in which such services are rendered or such events take place.

Income Taxes

The Organization is recognized as an exempt Organization exempt from Federal income tax on related income under Section 501(c)(3) of the Internal Revenue Code (the "Code"). Accordingly, only unrelated business income, as defined by Section 513 of the Code, is subject to Federal income tax. The Organization's policy is to record a liability for any tax position taken that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. The Organization's open audit periods are 2015-2017. Management believes that there are no such positions as of August 31, 2018 and, accordingly, no liability has been accrued.

Note 2 – Summary of Significant Accounting Policies, continued

Concentrations of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of investments. The exposure to concentration of credit risk relative to investments is limited due to the Organization's investment objectives and policies, as adopted by its Board of Directors.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and related liabilities approximate fair value because of the terms and relative short maturity of financial instruments. The carrying values, which are the fair value of investments, are based on values provided by an external investment manager or comparison to quoted market values.

Contributed Items and Services

Contributed items and services are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions are recorded as unrestricted support. For the year ended August 31, 2018, there were no contributed services meeting the requirements for recognition in the financial statements.

Advertising

Advertising costs are expensed as incurred by the Organization. During the year ended August 31, 2018, the Organization advertising expense was $4,479.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statements of Functional Expenses. Accordingly, all costs have been allocated among the program and supporting services benefited.

Note 3 – Property and Equipment

Property and equipment at August 31, 2018 consists of the following:

Property and equipment:		
Vehicles	$	67,805
Furniture		1,787
Equipment		2,353
Total property and equipment		71,945
Less: accumulated depreciation		(32,195)
Total property and equipment	$	39,750

Depreciation expense for the year ended August 31, 2018 was $13,752.

Note 4 – Contingencies

The Organization chooses to apply for renewals of contracts and grants. Funding is subject to both increases and reductions at the discretion of the contractors and funding agencies, and some agreements call for termination by either party contingent upon certain conditions. Expenditures recorded under various contracts and grants are subject to further examination by the contractors and funding agencies, with reimbursements being requested for questioned costs.

Note 5 – Retirement Plan

The Organization offers its employees a retirement plan through a SIMPLE IRA plan. Employee participation in the plan is voluntary. The Organization matches employee contributions up to 3% of the employee contribution. During the year ended August 31, 2018, the Organization made contributions to the plan in the amount of $4,646.

Note 6 – Subsequent Events

Subsequent events have been evaluated through December 10, 2018, which is the date the financial statements were available to be issued.