

Rebuild Upstate

*Report on Financial Statements
For the Years Ended August 31, 2021 and 2020*

(With Independent Auditor's Report Thereon)

Rebuild Upstate

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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 statements of financial position as of August 31, 2021, 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 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 Rebuild Upstate as of August 31, 2021, 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.

Prior Period Financial Statements

The financial statements of Rebuild Upstate as of August 31, 2020, were audited by other auditors whose report dated January 14, 2021, expressed an unmodified opinion on those statements.

A handwritten signature in black ink that reads "Manley Garvin, LLC". The signature is written in a cursive style and is centered within a light gray rectangular box.

Greenwood, South Carolina
December 9, 2021

Rebuild Upstate

Statements of Financial Position

August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash	\$ 403,242	\$ 255,527
Accounts receivable	69,498	85,293
Total current assets	<u>472,740</u>	<u>340,820</u>
Noncurrent Assets		
Property and equipment - net	64,616	12,986
Total noncurrent assets	<u>64,616</u>	<u>12,986</u>
Total assets	<u>\$ 537,356</u>	<u>\$ 353,806</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and other related liabilities	\$ 56,665	\$ 45,517
Accrued expenses	30,098	29,412
SBA loan under paycheck protection act	-	52,900
Total current liabilities	<u>86,763</u>	<u>127,829</u>
Total liabilities	<u>86,763</u>	<u>127,829</u>
Net Assets		
Without donor restrictions	318,242	176,977
With donor restrictions	132,351	49,000
Total net assets	<u>450,593</u>	<u>225,977</u>
Total liabilities and net assets	<u>\$ 537,356</u>	<u>\$ 353,806</u>

See Notes to Financial Statements

Rebuild Upstate*Statements of Activities**For the years ended August 31, 2021 and 2020*

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues and other support						
Donations	\$ 172,785	\$ 123,000	\$ 295,785	\$ 178,728	\$ 61,500	\$ 240,228
Events	-	-	-	4,500	-	4,500
Grants	233,957	-	233,957	144,510	-	144,510
Contracts	710,362	-	710,362	448,864	-	448,864
Paycheck Protection Program	52,000	-	52,000	-	-	-
Other	6,615	-	6,615	2,017	-	2,017
Net assets released from restrictions	39,649	(39,649)	-	40,661	(40,661)	-
Total revenues and other support	<u>1,215,368</u>	<u>83,351</u>	<u>1,298,719</u>	<u>819,280</u>	<u>20,839</u>	<u>840,119</u>
Expenses						
Program services	892,457	-	892,457	579,813	-	579,813
Management and administrative	75,400	-	75,400	58,829	-	58,829
Fundraising	106,246	-	106,246	80,327	-	80,327
Total expenses	<u>1,074,103</u>	<u>-</u>	<u>1,074,103</u>	<u>718,969</u>	<u>-</u>	<u>718,969</u>
Changes in net assets	141,265	83,351	224,616	100,311	20,839	121,150
Net assets, beginning of year	176,977	49,000	225,977	76,666	28,161	104,827
Net assets, end of year	<u>\$ 318,242</u>	<u>\$ 132,351</u>	<u>\$ 450,593</u>	<u>\$ 176,977</u>	<u>\$ 49,000</u>	<u>\$ 225,977</u>

See Notes to Financial Statements

Rebuild Upstate

Statements of Functional Expenses

For the years ended August 31, 2021 and 2020

	2021				2020			
	Program Services	Management and Administrative	Fundraising	Total	Program Services	Management and Administrative	Fundraising	Total
Compensation and benefits	\$ 262,149	\$ 50,865	\$ 78,253	\$ 391,267	\$ 190,456	\$ 36,955	\$ 56,852	\$ 284,263
Development	-	-	17,768	17,768	-	-	17,180	17,180
Travel	7,007	-	-	7,007	8,498	-	-	8,498
Depreciation	12,255	-	-	12,255	9,703	-	-	9,703
Office expenses	17,230	16,800	9,046	43,076	9,922	9,674	5,209	24,805
Professional services	6,257	194	-	6,451	216,810	6,706	-	223,516
Professional development	-	6,891	-	6,891	-	4,680	-	4,680
Insurance	27,111	282	847	28,240	18,785	196	586	19,567
Miscellaneous	160	21	12	193	1,422	189	103	1,714
Tools and materials	558,286	-	-	558,286	121,739	-	-	121,739
Occupancy	2,002	347	320	2,669	2,478	429	397	3,304
	<u>\$ 892,457</u>	<u>\$ 75,400</u>	<u>\$ 106,246</u>	<u>\$ 1,074,103</u>	<u>\$ 579,813</u>	<u>\$ 58,829</u>	<u>\$ 80,327</u>	<u>\$ 718,969</u>

See Notes to Financial Statements

Rebuild Upstate

Statements of Cash Flows

For the years ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 224,616	\$ 121,150
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	12,255	9,703
Gain on sale of property and equipment	-	6,400
Paycheck Protection Forgiveness	(52,900)	-
Net change in operating assets and liabilities		
Accounts receivable	15,795	2,662
Prepays	-	5,249
Accounts payable	11,148	22,848
Accrued expenses	686	(20,329)
Net cash provided by (used for) operating activities	<u>211,600</u>	<u>147,683</u>
<i>Cash flows from investing activities</i>		
Acquisition of property and equipment	<u>(63,885)</u>	<u>(3,299)</u>
Net cash provided by (used for) investing activities	<u>(63,885)</u>	<u>(3,299)</u>
<i>Cash flows from financing activities</i>		
Proceeds from SBA loan under payroll protection act	<u>-</u>	<u>52,900</u>
Net cash provided by (used for) financing activities	<u>-</u>	<u>52,900</u>
Net increase (decrease) in cash	147,715	197,284
<i>Cash, beginning of year</i>	<u>255,527</u>	<u>58,243</u>
<i>Cash, end of year</i>	<u>\$ 403,242</u>	<u>\$ 255,527</u>

See Notes to Financial Statements

Rebuild Upstate

Notes to Financial Statements

August 31, 2021 and 2020

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 not-for-profit corporation exempt from federal and state income taxes under Section 501(c)(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.

The Organization’s significant accounting policies are as follows:

Financial statement presentation:

Financial statement presentation follows the Financial Accounting Standards Board (“FASB”) standard on financial statements for not-for-profit organizations. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without Donor Restrictions - net assets without donor restrictions are currently available for purposes under the direction of the board, designated by the board, resources invested in property and equipment, or held as operating revenues.

With Donor Restrictions - net assets with donor restrictions consist of contributions whose use by the Organization is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled by actions of the Organization or have donor imposed stipulations to be held in perpetuity. Restrictions on gifts of fixed assets or contributions restricted for the purchase of fixed assets expire when the asset is placed in service, unless otherwise stipulated by the donor. When a donor restriction expires, 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. Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the contribution is recognized. As of August 31, 2021 and 2020, the Organization’s net assets with donor restrictions consist of amounts received and expected to be received over future periods restricted for donor specified uses.

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Notes to Financial Statements

August 31, 2021 and 2020

Note 2. Summary of Significant Accounting Policies, Continued

Financial statement presentation, continued:

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increase or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as released between the applicable classes of net assets. Revenues with donor restrictions that are used in the year of receipt are classified as net assets with donor restrictions and released from restriction.

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

Without Donor Restrictions - As increases or decreases in net assets if the terms of the gift are not considered to have donor restrictions.

With Donor Restrictions – As increases or decreases in net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund or if the terms of the gift impose restrictions on the timing or the use of the income or by law.

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

With Donor Restrictions, which are contributions restricted by donors to investment in perpetuity with only investment income and appreciation being used to support the Organization's activities and contributions that are restricted by a donor for use for a particular purpose in a particular future period.

Board-designated funds, which are resources, set aside by the Board of Directors for indeterminable periods to operate in a manner similar to a donor-restricted contribution. Because a board-designated fund results from an internal designation, it can be spent upon action of the Board of Directors.

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, 2021 and 2020, the Organization's cash balances from time to time may have had amounts in excess of insured limits. However, 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.

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Notes to Financial Statements

August 31, 2021 and 2020

Note 2. Summary of Significant Accounting Policies, Continued

Accounts receivable:

Accounts receivable consist of amounts due from grantor agencies and donors to reimburse the Organization for costs incurred that are reimbursable through 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 asset, ranging from 5 to 7 years.

Maintenance and repairs are charged to expense as incurred.

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 with be overturned by a taxing authority upon examination. The Organization's open audit periods are 2018-2020. Management believes that there are no such positions as of August 31, 2021 and 2020, and, accordingly, no liability has been accrued.

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, 2021, there were no contributed services meeting the requirements for recognition in the financial statements.

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Notes to Financial Statements

August 31, 2021 and 2020

Note 2. Summary of Significant Accounting Policies, Continued

Advertising:

Advertising costs are expensed as incurred by the Organization. There were no advertising costs for the years ended August 31, 2021 and 2020, respectively.

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 financial 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, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Property and equipment:		
Vehicles	\$ 114,270	\$ 52,505
Furniture	1,787	1,787
Equipment	<u>4,473</u>	<u>2,353</u>
Total property and equipment	120,530	56,645
Less: accumulated depreciation	<u>(55,914)</u>	<u>(43,659)</u>
Total property and equipment, net	<u>\$ 64,616</u>	<u>\$ 12,986</u>

Depreciation expense for the year ended August 31, 2021 and 2020, was \$12,255 and \$9,703, respectively.

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 years ended August 31, 2021 and 2020, the Organization made contributions to the plan in the amount of \$6,813 and \$4,519, respectively.

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Notes to Financial Statements

August 31, 2021 and 2020

Note 6. Liquidity and Availability

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the use of its available funds. For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its support, maintenance, and enhancement of the lives of anyone touched by cancer as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available to meet cash needs for general expenditures within one year consist of the following at August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end	\$ 472,740	\$ 340,820
Less those available for general expenditures within one year, due to:		
Net assets subject to purpose restrictions	<u>132,351</u>	<u>49,000</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 340,389</u>	<u>\$ 291,820</u>

Note 7. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To insure against casualty risks, the Organization obtains insurance from commercial insurance carriers for errors and omissions, and physical property loss and natural disasters to its buildings.

The Organization acquires insurance from commercial insurance carriers for job related injury and illness (worker's compensation) to its employees, health insurance and other medical benefits to employees and their dependents.

During the years ended August 31, 2021 and 2020, the Organization did not experience any significant uninsured claims. Accordingly, there was no liability or expense recorded for actual claims, and management does not believe any provision for unasserted claims is necessary.

In March 2020, the 2019 novel coronavirus (or "COVID-19") adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. It is unknown the extent to which COVID-19 may spread, have a destabilizing effect on financial and economic activity, and increasingly have the potential to negatively impact the Commission and the U.S. economy. These conditions could adversely affect the Commission's financial condition and results of operations. Further, COVID-19 may result in health or other government authorities requiring the closure of certain Organization operations.

Note 8. Subsequent Events

The Organization's management evaluated subsequent events and transactions for potential recognition or disclosure through the date of the auditor's report, which is the date the financial statements were available to be issued.