

Rebuild Upstate

*Report on Financial Statements
For the Years Ended August 31, 2023 and 2022*

(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

Opinion

We have audited the accompanying financial statements of Rebuild Upstate (a nonprofit organization), which comprise the statements of financial position as of August 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rebuild Upstate as of August 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits 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 Rebuild Upstate 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 Rebuild Upstate's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

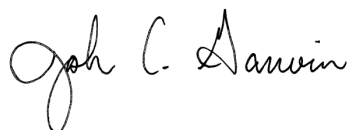
Auditor's Responsibilities for the Audit of the Financial Statements

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 purpose of expressing an opinion on the effectiveness of Rebuild Upstate'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 Rebuild Upstate'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.



Greenwood, South Carolina
March 19, 2024

Rebuild Upstate

Statements of Financial Position

August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash	\$ 367,353	\$ 280,732
Accounts receivable	182,847	80,559
Total current assets	<u>550,200</u>	<u>361,291</u>
Noncurrent Assets		
Property and equipment - net	70,741	91,643
Total noncurrent assets	<u>70,741</u>	<u>91,643</u>
Total assets	<u>\$ 620,941</u>	<u>\$ 452,934</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and other related liabilities	\$ 54,228	\$ 30,113
Accrued expenses	11,114	18,823
Total current liabilities	<u>65,342</u>	<u>48,936</u>
Total liabilities	<u>65,342</u>	<u>48,936</u>
Net Assets		
Without donor restrictions	495,599	235,133
With donor restrictions	60,000	168,865
Total net assets	<u>555,599</u>	<u>403,998</u>
Total liabilities and net assets	<u>\$ 620,941</u>	<u>\$ 452,934</u>

See Notes to Financial Statements

Rebuild Upstate

Statements of Activities

For the years ended August 31, 2023 and 2022

	2023			2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues and other support						
Donations	\$ 580,023	\$ -	\$ 580,023	\$ 121,247	\$ 178,809	\$ 300,056
Grants	513,521	-	513,521	408,768	-	408,768
Contracts	486,845	-	486,845	613,379	-	613,379
Gain on sale of property and equipment	-	-	-	12,000	-	12,000
Other	1,894	-	1,894	1,433	-	1,433
Net assets released from restrictions	108,865	(108,865)	-	142,295	(142,295)	-
Total revenues and other support	<u>1,691,148</u>	<u>(108,865)</u>	<u>1,582,283</u>	<u>1,299,122</u>	<u>36,514</u>	<u>1,335,636</u>
Expenses						
Program services	1,095,888	-	1,095,888	1,114,844	-	1,114,844
Management and administrative	139,283	-	139,283	115,880	-	115,880
Fundraising	195,511	-	195,511	151,507	-	151,507
Total expenses	<u>1,430,682</u>	<u>-</u>	<u>1,430,682</u>	<u>1,382,231</u>	<u>-</u>	<u>1,382,231</u>
Changes in net assets	260,466	(108,865)	151,601	(83,109)	36,514	(46,595)
Net assets, beginning of year	235,133	168,865	403,998	318,242	132,351	450,593
Net assets, end of year	<u>\$ 495,599</u>	<u>\$ 60,000</u>	<u>\$ 555,599</u>	<u>\$ 235,133</u>	<u>\$ 168,865</u>	<u>\$ 403,998</u>

See Notes to Financial Statements

Rebuild Upstate

Statements of Functional Expenses

For the years ended August 31, 2023 and 2022

	2023				2022			
	Program Services	Management and Administrative	Fundraising	Total	Program Services	Management and Administrative	Fundraising	Total
Compensation and benefits	\$ 503,098	\$ 97,616	\$ 150,178	\$ 750,892	\$ 410,431	\$ 79,636	\$ 122,517	\$ 612,584
Development	-	13,317	-	13,317	-	13,634	-	13,634
Travel	9,842	-	-	9,842	9,923	-	-	9,923
Depreciation	20,902	-	-	20,902	19,586	-	-	19,586
Office expenses	25,742	25,098	13,514	64,354	21,520	20,982	11,298	53,800
Professional services	97	3	-	100	2,230	69	-	2,299
Community	-	-	28,743	28,743	-	-	15,843	15,843
Federal Grants	4,708	-	-	4,708	1,603	-	-	1,603
Insurance	46,826	488	1,463	48,777	34,811	363	1,088	36,262
Miscellaneous	18,712	2,480	1,353	22,545	6,870	910	497	8,277
Tools and materials	464,337	-	-	464,337	606,218	-	-	606,218
Occupancy	1,624	281	260	2,165	1,652	286	264	2,202
	<u>\$ 1,095,888</u>	<u>\$ 139,283</u>	<u>\$ 195,511</u>	<u>\$ 1,430,682</u>	<u>\$ 1,114,844</u>	<u>\$ 115,880</u>	<u>\$ 151,507</u>	<u>\$ 1,382,231</u>

See Notes to Financial Statements

Rebuild Upstate

Statements of Cash Flows

For the years ended August 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 151,601	\$ (46,595)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	20,902	19,586
Gain on sale of property and equipment	-	12,000
Net change in operating assets and liabilities		
Accounts receivable	(102,288)	(11,061)
Accounts payable	24,115	(26,552)
Accrued expenses	(7,709)	(11,275)
Net cash provided by (used for) operating activities	<u>86,621</u>	<u>(63,897)</u>
<i>Cash flows from investing activities</i>		
Acquisition of property and equipment	-	(58,613)
Net cash provided by (used for) investing activities	<u>-</u>	<u>(58,613)</u>
Net increase (decrease) in cash	86,621	(122,510)
<i>Cash, beginning of year</i>	<u>280,732</u>	<u>403,242</u>
<i>Cash, end of year</i>	<u>\$ 367,353</u>	<u>\$ 280,732</u>

See Notes to Financial Statements

Rebuild Upstate

Notes to Financial Statements

August 31, 2023 and 2022

Note 1. Organization

Rebuild Upstate (the "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(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, 2023, 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.

Rebuild Upstate

Notes to Financial Statements

August 31, 2023 and 2022

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, 2023 and 2022, 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.

Rebuild Upstate

Notes to Financial Statements

August 31, 2023 and 2022

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 will be overturned by a taxing authority upon examination. The Organization's open audit periods are 2020-2022. Management believes that there are no such positions as of August 31, 2023, 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 years ended August 31, 2023 and 2022, there were no contributed services meeting the requirements for recognition in the financial statements.

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Notes to Financial Statements

August 31, 2023 and 2022

Note 2. Summary of Significant Accounting Policies, Continued

Advertising:

Advertising costs are expensed as incurred by the Organization. There were no advertising costs during the years ended August 31, 2023 and 2022, 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, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Property and equipment:		
Vehicles	\$ 151,884	\$ 151,884
Furniture	1,787	1,787
Equipment	<u>4,473</u>	<u>4,473</u>
Total property and equipment	158,144	158,144
Less: accumulated depreciation	<u>(87,403)</u>	<u>(66,499)</u>
Total property and equipment, net	<u>\$ 70,741</u>	<u>\$ 91,643</u>

Depreciation expense for the year ended August 31, 2023 and 2022, was \$20,902 and \$19,586, 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, 2023 and 2022, the Organization made contributions to the plan in the amount of \$14,675 and \$9,251, respectively.

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Notes to Financial Statements

August 31, 2023 and 2022

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end	\$ 550,200	\$ 361,291
Less those available for general expenditures within one year, due to:		
Net assets subject to purpose restrictions	<u>60,000</u>	<u>168,865</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 492,000</u>	<u>\$ 192,426</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, 2023 and 2022, 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.

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.

Note 9. Employee Retention Credit (ERC)

The Employee Retention Credit (ERC) was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136, in March 2020. ERC was created to help businesses retain their workforces during the coronavirus. ERC is calculated on a per employee basis and works as a refundable payroll tax credit claimed quarterly. The Organization applied for approximately \$228,000 of ERC refunds during the year ended August 31, 2023. While the Organization has made a claim, the status of the ERC program, and the Organization's related claim are uncertain. As a result of this uncertainty, management has elected to not record the ERC claim in the financial statements.