REBUILDING TOGETHER NYC

FINANCIAL STATEMENTS
AND
AUDITORS' REPORT

DECEMBER 31, 2022

Skody Scot & Company, CPAs, P.C.

REBUILDING TOGETHER NYC

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Rebuilding Together NYC

Opinion

We have audited the financial statements of Rebuilding Together NYC (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, expenses by function and natural classification, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Rebuilding Together NYC as of December 31, 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 for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 NYC 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 NYC's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 could reasonably be expected to influence the judgment made by a reasonable user based on these financial statements.

In performing an audit in accordance with GAAS, 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 Rebuilding Together NYC'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 NYC'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.

Skody Scot & Company, CPAS, P.C.

New York, NY
April 13, 2024

REBUILDING TOGETHER NYC
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

Cash and cash equivalents	$	232,942
Contributions and other receivables		433,040
Inventory		41,606
Prepaid expenses		51,030
Property and equipment, net		45,556
Right-of-use asset - operating lease		100,757
Security deposits		16,026
Total assets	$	920,957

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	$	182,056
Line of credit		1,050
Refundable advances		93,587
Lease liability - operating lease		109,909
Total liabilities		386,602
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions		387,426
With donor restrictions		146,929
Total net assets		534,355
Total liabilities and net assets	$	920,957

See accompanying notes to the financial statements.

REBUILDING TOGETHER NYC
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Contributions - financial	$ 597,150	$ 86,041	$ 683,191
Contributions - in-kind	28,170	-	28,170
Government grants	767,143	-	767,143
Special events:			
Event income	550,936	-	550,936
Less: related direct costs	(81,105)	-	(81,105)
Net special event income	469,831	-	469,831
Interest income	24	-	24
Other income	35,087	-	35,087
Net assets released from restrictions:			
Satisfaction of purpose restrictions	189,432	(189,432)	-
Total support and revenues	2,086,837	(103,391)	1,983,446
Expenses:			
Program services	1,505,527	-	1,505,527
Supporting services:			
Management and general	505,010	-	505,010
Fundraising	227,991	-	227,991
Total expenses	2,238,528	-	2,238,528
Increase/(Decrease) in net assets	(151,691)	(103,391)	(255,082)
Net assets, beginning of year, restated	539,117	250,320	789,437
Net assets, end of year	$ 387,426	$ 146,929	$ 534,355

See accompanying notes to the financial statements.

REBUILDING TOGETHER NYC
STATEMENT OF EXPENSES BY FUNCTION AND NATURAL CLASSIFICATION
YEAR ENDED DECEMBER 31, 2022

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total Expenses
Personnel costs:				
Salaries	$ 460,011	$ 190,628	$ 93,851	$ 744,490
Payroll taxes	38,924	15,158	7,614	61,696
Employee benefits	27,614	13,839	9,485	50,938
Pension	16,013	6,665	3,119	25,797
Total personnel costs	542,562	226,290	114,069	882,921
Direct expenses:				
Bank charges & processing fees	9	3,619	16,915	20,543
Construction costs	657,347	-	20,762	678,109
Consultants and outside contractors	7,490	51,851	60,246	119,587
Curriculum & training resources	85,777	360	-	86,137
Depreciation & amortization	-	44,544	-	44,544
Dues & subscriptions	-	20,000	-	20,000
Insurance	258	22,892	-	23,150
Interest	12,374	32	-	12,406
Marketing	-	2,955	168	3,123
Office supplies & expenses	11,004	10,652	1,218	22,874
Professional fees	1,710	45,758	-	47,468
Program expenses - other	2,620	-	-	2,620
Rent & utilities	64,200	43,459	12,622	120,281
Safety gear	10,167	-	-	10,167
Software and hardware	1,149	15,353	1,625	18,127
Staff training & development	500	8,400	-	8,900
Stipends	100,351	-	-	100,351
Telephone and communications	5,549	5,174	262	10,985
Travel and meetings	2,460	3,671	104	6,235
Total direct expenses	962,965	278,720	113,922	1,355,607
Total expenses	$ 1,505,527	$ 505,010	$ 227,991	$ 2,238,528

See accompanying notes to the financial statements.

REBUILDING TOGETHER NYC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities:		
Increase/(decrease) in net assets	$	(255,082)
Adjustments for non-cash items included in operating activities:		
Depreciation and amortization		44,544
Amortization of right-of-use asset		102,486
Accretion of lease liability		(8,694)
Gain on sale of van		(6,791)
Changes in assets and liabilities:		
Contributions and other receivables		277,068
Inventory		(41,606)
Prepaid expenses		1,760
Accounts payable and accrued expenses		76,992
Refundable advances		(161,266)
Payment of operating lease		(100,962)
Net cash provided/(used) by operating activities		(71,551)
Cash flows from investing activities:		
Sale of van		8,245
Net cash provided/(used) by investing activities		8,245
Cash flows from financing activities:		
Repayment of loan		(174,437)
Net cash provided/(used) by financing activities		(174,437)
Net increase/(decrease) in cash and cash equivalents		(237,743)
Cash and cash equivalents at beginning of year		470,685
Cash and cash equivalents at end of year	$	232,942
Supplemental information:		
Recognition of right-of-use asset and related lease liability	$	203,243
Interest paid		12,406

See accompanying notes to the financial statements.

1. Nature of Activities and Summary of Significant Accounting Policies

Organization: Rebuilding Together NYC (hereafter referred to as the Organization), is a not-for-profit organization, incorporated in the State of New York on February 11, 1998. The primary mission of the Organization is the preservation of affordable housing and the cultivation of a skilled workforce.

Tax-exempt status: The Organization was granted tax-exempt status by the Internal Revenue Service under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements include any uncertain tax positions.

Programs and services provided: The Organization seeks to accomplish its mission through the following core programmatic activities: providing a range of repair services to preserve safe and healthy affordable housing at no cost to low-income homeowners; providing accessibility modifications at no cost for the disabled and elderly to enable them to safely and independently navigate their homes and age-in-place; repairing and revitalizing community centers and public spaces; and providing the unemployed and underemployed with a six-week pre-apprenticeship program in various construction trades.

Major sources of income: The Organization derives most of its income from contributions, government grants and special events.

Basis of accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Estimates and assumptions: Management uses estimates and assumptions in preparing these financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Cash equivalents: For the purposes of the statement of financial position and the statement of cash flows, the Organization considers as cash equivalents money market funds and all highly liquid resources, such as investments in certificates of deposit, with an original maturity to the Organization of three months or less.

Inventory: Inventory consists of donated gift cards that are to be distributed to homeowners to pay for repairs to their homes.

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Property and equipment: The Organization capitalizes certain property and equipment with useful lives of three years or more. Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation of furniture and vehicles is computed by the straight-line method over the estimated useful lives ranging from five to seven years. Leasehold improvements are amortized by the straight-line method over the useful life of the improvement or the term of the lease, whichever is shorter. Expenditures for maintenance and repairs are charged to current operations.

Receivables: Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All receivables are expected to be collected within one year, therefore no allowance for uncollectible receivables has been recorded.

Net assets: Net assets, revenue, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This classification includes net assets designated by the board or management for a specified purpose.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) 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 (endowment), where the donor stipulates that resources be maintained in perpetuity.

Functional expense allocation: The direct costs of providing programs and other activities have been summarized on a functional basis in the statement of activities and statement of expenses by function and natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization allocates salaries and related expenses based on estimated time and effort. Other expenses such as insurance, office supplies & expenses, rent & utilities, software and hardware, telephone and communications, and travel and meetings are allocated based on usage. The Organization classifies expenses which are not directly related to a specific program as management and general expenses.

Leases: During the year ended December 31, 2022, the Organization adopted FASB *Accounting Standards Codification 842 - Leases* using the modified retrospective method. In accordance with the adoption method, the Organization recognized a right-of-use asset and lease liability at the beginning of 2022. (Further discussed in Note 4.)

1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Revenue recognition: The Organization recognizes contributions when cash and other financial assets, nonfinancial assets/services, or unconditional promises to give are received. Nonfinancial assets/services are valued based upon the type of asset/service that is received. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to the meeting of these conditions are reported as refundable advances in the statement of financial position. As of December 31, 2022, contributions totaling $93,587 have not been recognized in the accompanying statement of activities because the conditions on which they depend have not been met. The recognition of these contributions is conditioned on the Organization meeting certain programmatic goals.

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted for a purpose by the donor are reported as support with donor restrictions and increases in net assets with donor restrictions. Contributions received with restrictions that are met in the same reporting period are reported as support without donor restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization receives grants from governmental agencies. Depending upon the terms of the grant, it can be either an exchange transaction or a contribution. In accordance with grant provisions, the grant can be an expense reimbursement grant which requires that approved expenses be incurred prior to reimbursement by the grantor. Other grants permit advances of grant funds or full payment of grant funds at the start of the grant. If the grant is an exchange-type grant, all unreimbursed expenses, for approved purposes, as of year-end are recorded as receivables and any unexpended advances are recorded as either refundable advances or deferred income. If the grant is a contribution, it is recognized in accordance with the contribution recognition policy described above.

The Organization receives special events revenue which contains both an exchange component and a conditional contribution component. Both components are recognized when the event takes place. Any event revenue received in advance of the event is recorded as deferred income.

2. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at December 31, 2022:

Bank deposit and cash	$ 125,026
Money market funds	107,916
	$ 232,942

3. Property and Equipment

As of December 31, 2022, property and equipment consisted of the following:

Leasehold improvements	$ 279,516
Furniture and fixtures	25,026
Vehicles	37,432
Less: accumulated depreciation and amortization	(296,418)
Total operating lease liabilities	$ 45,556

4. Lease Commitment

The Organization incurred a lease liability by entering into a noncancellable operating lease agreement to obtain a right-of-use asset (ROU asset). The lease is set to expire in 2024. The lease liability and ROU asset represent the present value of the Organization's lease obligations and the value of its right to use the leased office space over the remaining term of the lease. Since the lease does not contain a stated interest rate, the lease payments are discounted using the Organization's incremental borrowing rate on the lease commencement date.

As of December 31, 2022, the minimum aggregate annual lease commitments are as follows:

Year ended December 31, 2023	$ 103,991
2024	8,687
Total remaining lease payments	112,678
Less: imputed interest (5%)	(2,769)
Total operating lease liabilities	$ 109,909

The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less.

5. Line of Credit

The Organization opened a $250,000 line of credit with a financial institution. The line of credit is secured by all of the Organization's assets and charges interest on outstanding principal at an annual rate of 2 percentage points above the Wall Street Journal Prime rate. As of December 31, 2022, there was an outstanding balance of $1,050.

6. Net Assets with Donor Restrictions

As of December 31, 2022, net assets with donor restrictions are available as follows:

Home repairs	$ 96,929
Careers in construction	50,000
	$ 146,929

7. Pension

The Organization adopted a qualified deferred compensation plan under section 401(k) of the Internal Revenue Code. Under the plan, employees may elect to defer a portion of their salary, subject to Internal Revenue Code limits. The Organization's contributions to the plan amounted to $25,797 for the year ended December 31, 2022.

8. Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due.

In the event of an unanticipated liquidity need, the Organization also could draw upon an available line of credit. (As further discussed in Note 5.)

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets, as of December 31, 2022, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

Financial assets:	
Cash and cash equivalents	$ 232,942
Receivables	433,040
Total financial assets	665,982
Less those unavailable for general expenditures within one year	-
Financial assets available to meet cash needs for general expenditures within one year	$ 665,982

9. Concentrations

The Organization maintains its cash and cash equivalents with major financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to $250,000 per financial institution. At times, the balance of the accounts may have exceeded the insured limits during the year ended December 31, 2022.

10. Government Grants

The Organization received several grants from governmental agencies. The amounts recognized under the grants during the year ended December 31, 2022, are as follows:

Federal	$ 67,132
State	615,847
Local	84,164
	$ 767,143

11. Contributions In-Kind

The Organization received in-kind contributions that meet the criteria for being recognized in accordance with US GAAP. For the year ended December 31, 2022, $28,170 of in-kind contributions was recognized in the accompanying statement activities and consisted of skilled contractor labor. The in-kind contributions did not have any donor-imposed restrictions and were valued at what the contractor would have charged an unrelated party for similar services.

12. Revenue from Contracts with Customers

Detail of revenue from contracts with customers for the year ended December 31, 2022, is as follows:

Special event income - exchange portion	$ 81,105

All of the revenue derived from contracts with customers during 2022 was fully earned in the same annual reporting period.

13. Litigation

During the year ended December 31, 2022, the Organization was a defendant in various lawsuits. The outcome of the lawsuits is uncertain and any liabilities that may arise as a result cannot be determined as of the date of the audit report.

14. Restatements

Due to errors in the classification of refundable advances and in the life used to amortize leasehold improvements, beginning net assets were restated. The effect of the restatement was a $179,179 increase in beginning net assets.

15. Subsequent Events

Management has evaluated subsequent events through April 13, 2024, the date the financial statements were available to be issued, to evaluate whether any such events warrant adjustment to any reported amounts or inclusion of additional disclosures. No such adjustments or disclosures were judged to be necessary.