

*Compiled Financial Statements*

# Rebuilding Together Long Beach

For the Year Ended June 30, 2018

# Rebuilding Together Long Beach

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Raimondo Pettit Group  
CPAs + Business Consultants

21515 Hawthorne Blvd.  
Suite 1250  
Torrance, California 90503  
[www.rpgcpa.com](http://www.rpgcpa.com)

T 310.540.5990  
F 310.543.3066

Torrance + Irvine + Long Beach

## Independent Accountants' Compilation Report

To the Board of Directors  
Rebuilding Together Long Beach  
Long Beach, California

Management is responsible for the accompanying financial statements of Rebuilding Together Long Beach (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

*Raimondo Pettit Group*

Torrance, California  
February 16, 2019

# Rebuilding Together Long Beach

## Statement of Financial Position

<i>June 30,</i>	2018
<b>Assets</b>	
Cash	\$ 112,220
Accounts receivable	76,743
Prepaid expenses and other assets	8,241
<b>Total assets</b>	<b>197,204</b>
<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Accounts payable	3,412
Accrued expenses	2,469
<b>Total liabilities</b>	<b>5,881</b>
<b>Net Assets</b>	
Unrestricted	85,853
Temporarily restricted	105,470
<b>Total net assets</b>	<b>191,323</b>
	\$ 197,204

# Rebuilding Together Long Beach

## Statement of Activities and Changes in Net Assets

<i>Year Ended June 30, 2018</i>	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>			
Contributions	\$ 111,434	\$ 134,000	\$ 245,434
Fundraising event	3,625	-	3,625
Contributed goods and services	12,789	-	12,789
Fee for service	79,345	-	79,345
Net assets released from restrictions	106,730	(106,730)	-
<b>Total revenue and support</b>	<b>313,923</b>	<b>27,270</b>	<b>341,193</b>
<b>Operating Expenses</b>			
Owner-occupied program services	289,954	-	289,954
Support services			
Fundraising	14,483	-	14,483
General & administrative expenses	39,624	-	39,624
<b>Total operating expenses</b>	<b>344,061</b>	<b>-</b>	<b>344,061</b>
<b>Interest expense, net</b>	<b>(44)</b>	<b>-</b>	<b>(44)</b>
<b>Change in net assets</b>	<b>(30,182)</b>	<b>27,270</b>	<b>(2,912)</b>
<b>Net assets at the beginning of year</b>	<b>116,035</b>	<b>78,200</b>	<b>194,235</b>
<b>Net assets at end of year</b>	<b>\$ 85,853</b>	<b>\$ 105,470</b>	<b>\$ 191,323</b>

# Rebuilding Together Long Beach

## Statement of Functional Expenses Year Ended June 30, 2018

Functional Expenses	Program Services	Support Services		Total Expenses
	Owner-occupied Programs	Fundraising Expenses	General & Administrative Expenses	
<b>Direct Owner-occupied Expenses</b>				
Materials and labor	\$ 208,671	\$ -	\$ -	\$ 208,671
<b>Other Program Expenses</b>				
Advertising	5,822	-	-	5,822
Accounting & legal	-	-	11,250	11,250
Dues and subscriptions	-	180	1,260	1,440
Fundraising	-	1,770	-	1,770
Insurance	3,539	-	885	4,424
Office expenses	2,568	-	642	3,210
Other expenses	-	-	915	915
Outside services	1,512	-	378	1,890
Payroll expenses	59,019	10,929	17,487	87,435
Postage	-	-	324	324
Rent	7,525	1,393	2,230	11,148
Staff development	-	-	74	74
Taxes and licenses	157	-	39	196
Telephone	1,141	211	338	1,690
Travel	-	-	3,802	3,802
	81,283	14,483	39,624	135,390
<b>Total</b>	<b>\$ 289,954</b>	<b>\$ 14,483</b>	<b>\$ 39,624</b>	<b>\$ 344,061</b>

# Rebuilding Together Long Beach

## Statement of Cash Flows

<i>Year Ended June 30,</i>	2018
<b>Operating Activities:</b>	
Change in net assets	\$ (2,912)
Increase (decrease) resulting from changes in:	
Accounts receivable	55,021
Prepaid expenses and other assets	(1,402)
Accounts payable	(18,842)
Accrued expenses	(550)
Net cash provided by operating activities	31,315
Net change in cash	31,315
Cash, beginning of period	80,905
Cash, end of period	\$ 112,220

# Rebuilding Together Long Beach

## Notes to Financial Statements

### June 30, 2018

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#### 1. Non-Profit Operations and Summary of Significant Accounting Policies

##### Nature of Activities

Rebuilding Together Long Beach (“RTL” or the “Organization”) is a California public benefit nonprofit 501(c)(3) corporation founded in 1992, and is one of approximately 150 local affiliates of a national organization, Rebuilding Together. RTL’s mission is to bring volunteers and communities together to improve the homes and lives of low-income homeowners. The purpose of RTL is to provide volunteer-staffed home repair and rehabilitation at little or no cost to owner-occupied homes in the greater Long Beach area, primarily those belonging to low-income older, particularly the elderly, disabled, veterans and families with children; to provide at low or no cost volunteer-staffed repairs to facilities of nonprofit organizations that provide services to the greater Long Beach community; to foster neighborhood improvement and home ownership by purchasing, developing, rehabilitating, and selling residential property to low and moderate-income individuals and families through-out California who might otherwise be unable to acquire their own home; and related activities.

RTL is supported primarily through contributions from the public and through corporate and nonprofit organization grants. RTL's costs consist primarily of direct material and labor, professional fees and outside services, salaries for office staff, and rent. RTL administers the following programs to help achieve its goals:

**Owner-occupied Programs:** In addition to various projects that occur throughout the year, the organization participates in two national “work days”, “National Rebuilding Day” and “Make a Difference Day”, which occur annually on the last Saturdays of April and October, respectively. For the year ending June 30, 2018, RTL planned and executed the repair and restoration of approximately 25 qualifying sites.

**Community Stabilization Program (CSP):** Through this program, RTL acquired distressed bank owned residential properties at a discount, rehabilitated and then sold the properties to qualifying low-to-moderate income buyers. RTL stopped acquiring and rehabilitating properties in February of 2013 and sold the last property during the year ending June 30, 2017.

**Mobile Home Repair Program:** RTL entered into an agreement with the City of Long Beach Community Investment Company in the amount of \$172,000 for the purposes of providing health and safety related repairs to extremely low-income mobile homeowners in Long Beach, based in the very same principles and logic utilized in the single family homes the Organization repairs. These funds were being used primarily for materials and labor and are leveraged with “in-kind” support as well. Under this grant, RTL was given an 18% allowance for general and administrative overhead as calculated by the sum of the value of materials and labor used, both purchased and donated.

# Rebuilding Together Long Beach

## Notes to Financial Statements

### June 30, 2018

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#### 1. Non-Profit Operations and Summary of Significant Accounting Policies (Continued)

##### Basis of Accounting

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

*Unrestricted net assets* – Net assets that are not subject to any donor-imposed stipulations.

*Temporarily restricted net assets* – Net assets subject to donor-imposed restrictions on their use that may be met either by actions of RTLB or the passage of time.

*Permanently restricted net assets* – Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by RTLB (none at June 30, 2018).

##### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Actual results could differ from management's estimates.

##### Cash and Cash Equivalents and Supplemental Cash Flow Information

For purposes of the statements of cash flows, RTLB considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. RTLB maintains its cash balances in various bank deposit accounts which, at times, may exceed federally insurable limits. There were no funds in excess of federally insurable limits at June 30, 2018.

##### Accounts Receivable

RTLB's accounts receivable consist of grants and pledges receivable which have not yet been remitted to the Organization. The Organization reviews accounts receivable on a regular basis to determine delinquent or past due items. A reserve is established if significant uncertainty exists as to the collectability, and the amount is written off if it is determined that the amount will not be collected. RTLB has not experienced any losses for uncollectable accounts receivable to date and, therefore, no allowance has been established for uncollectible accounts.

# Rebuilding Together Long Beach

## Notes to Financial Statements

### June 30, 2018

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#### 1. Non-Profit Operations and Summary of Significant Accounting Policies (Continued)

##### Fair Value Measurements

RTLB has adopted authoritative guidance surrounding fair value measurements as it relates to financial and nonfinancial assets and liabilities. The guidance defines fair value as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Additionally, the guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Authoritative guidance also provides RTLB the option to elect to measure eligible financial instruments at fair value on an instrument-by-instrument basis. At June 30, 2018, RTLB did not elect to measure any financial instruments at fair value.

The carrying amounts reported on the statement of financial position for cash, prepaid items, accounts payable, notes payable, and deferred revenue approximate fair value based on the short-term maturity of these instruments.

##### Revenue Recognition

###### *Contributions*

RTLB follows the relevant authoritative guidance whereby contributions and unconditional promises to give are recorded as revenues when received or when a promise is made. Conditional promises to give are recognized as revenue when the conditions on which they depend have been substantially met.

Contributions and promises to give receivable are recorded net of estimated uncollectible amounts, which are determined based on management's analysis of specific contributions and promises made. Multi-year promises to give are not discounted if the amount of discount is not material.

RTLB reports donations of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. In accordance with authoritative guidance, revenues are reported as increases in unrestricted or restricted net assets, depending on the existence or non-existence of donor imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

# Rebuilding Together Long Beach

## Notes to Financial Statements

### June 30, 2018

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#### 1. Non-Profit Operations and Summary of Significant Accounting Policies (Continued)

##### Revenue Recognition (Continued)

When both restricted and unrestricted resources are available for use for the same purpose, it is RTLB's policy to use restricted resources first, then unrestricted resources as they are needed. Temporarily restricted revenues that are released from restrictions within the same fiscal year are shown as unrestricted.

##### *Service Fee Revenues*

Amounts received under performance-based contracts, such as those under the Mobile Home Repair Program, are recorded as the Organization performs the services required by the contracts.

##### Contributed Goods and Services

The Organization receives non-cash donations of items that are to be used for work day expenses for the owner-occupied programs. Such gifts in kind are reported as contributions and measured at fair value when originally received by the Organization. Contributed goods revenue and related expense for the year ended June 30, 2018 was estimated at \$3,052.

Volunteers have made contributions of their time to RTLB's programs and supporting services. Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. Contributed services revenue and related expense for the year ended June 30, 2018 was estimated at \$9,737.

##### Advertising Costs

Advertising costs are expensed as incurred. Advertising costs amounted to \$5,822 for the year ended June 30, 2018.

##### Income Taxes

RTLB is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. For the year ended June 30, 2018, RTLB has determined that no income taxes are due for its activities. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Authoritative guidance requires that a tax position be recognized or derecognized based on a 'more-likely than-not' threshold. This applies to positions taken or expected to be taken in a tax return. RTLB does not believe its financial statements include (or reflect) any uncertain tax positions. RTLB's tax returns for the years ended June 30, 2015 through 2018 are subject to examination by Federal taxing authorities for a period of three years from the filing date, and RTLB's tax returns for the years ended June 30, 2014 through 2018 are subject to examination by California taxing authorities for a period of four years from the filing date.

# Rebuilding Together Long Beach

## Notes to Financial Statements

### June 30, 2018

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#### 1. Non-Profit Operations and Summary of Significant Accounting Policies (Continued)

##### Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and services benefited based on management's estimates.

##### Recent Accounting Pronouncements

In May 2014, the FASB issued an Accounting Standards Update on revenue from contracts with customers to develop a common revenue standard across U.S. GAAP and international financial reporting standards. This new standard is effective for annual reporting periods beginning after December 15, 2018, with early application permitted for annual reporting periods beginning after December 15, 2016. The comprehensive new standard will supersede existing revenue recognition guidance and provides a single principles-based, five-step model to be applied to all contracts with customers. However, the standards for the recognition of revenue from contributions by non-profit organizations will be retained in the current guidance under FASB ASC 958-605, which will be retitled Not-for-Profit Entities—Revenue Recognition—Contributions.

The five steps are to identify the contract(s) with the customer, to identify the performance obligations in the contract, to determine the transaction price, to allocate the transaction price to the performance obligations in the contract, and to recognize revenue when each performance obligation is satisfied. Revenue will be recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those good or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions. The guidance permits two implementation approaches, one requiring retrospective application of the new standard with restatement of prior years, and one requiring prospective application of the new standard with disclosure of results under old standards. RTLB is currently evaluating the impacts of adoption and the implementation approach to be used.

In February 2016, the FASB issued an Accounting Standards Update to increase transparency and comparability among entities by recognizing lease assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. This new standard is effective for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early application permitted. Under the new guidance, lessees will be required to recognize for all leases (with the exception of short-term leases) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The guidance requires modified retrospective application of the new standard, and RTLB is currently evaluating the impacts of adoption.

# Rebuilding Together Long Beach

## Notes to Financial Statements

### June 30, 2018

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#### 1. Non-Profit Operations and Summary of Significant Accounting Policies (Continued)

##### Recent Accounting Pronouncements (Continued)

In August 2016, the Financial Accounting Standards Boards (“FASB”) issued Accounting Standard Update (“ASU”) 2016-14, Not-for-Profit Entities (Topic 985): *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU simplifies the presentation of net assets into two classes of net assets at the end of the period: net assets with donor restrictions and net assets without donor restrictions, rather than the currently required three classes.

In addition, the requirement of preparing the indirect method reconciliation if the direct method of operating cash flows is chosen has been removed. The ASU also requires reporting of investment return net of external and direct internal investment expenses and no longer requires disclosure of those netted expenses. Additional provisions related to the disclosures and financial statements presentation are included in the ASU. The ASU is effective for fiscal years beginning after December 15, 2017, with early adoption permitted and retrospective application to all periods presented. Non-profit organizations that previously were required to present a statement of functional expenses do not have the option to omit this analysis; however, they may present the comparative period information in any of the formats permitted in this ASU, consistent with the presentation in the period of adoption. The ASU also requires new disclosures about liquidity and availability of resources. RTLB is currently evaluating the impacts of adoption.

*Revenue Recognition for Contributions:* In June 2018, FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU will assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions), or as exchange (reciprocal transaction) subject to other guidance and (2) determining whether a contribution is conditional. The ASU is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. The Organization is currently evaluating the impacts of adoption.

RTLB’s management has reviewed other recent accounting pronouncements issued through the date of the issuance of the financial statements. In management’s opinion, none of these new pronouncements apply or will have a material effect on the Company’s financial statements.

#### 2. Net Assets

##### Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets include \$105,470 in grants from Wells Fargo, Archstone, Spectrum and H.O.P.E. were restricted for usage on specific rehabilitation projects that occurred subsequent to year-end. There were no permanently restricted net assets as of and for the year ended June 30, 2018.

# Rebuilding Together Long Beach

## Notes to Financial Statements

### June 30, 2018

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#### **3. Related Party Transactions**

A construction company owned by two board members was reimbursed \$56,892 for expenses incurred on behalf of RTLB for materials and labor related to various owner-occupied projects during the year-ended June 30, 2018. The construction company also donated approximately \$6,117 in labor and materials to RTLB during the year-ended June 30, 2018.

#### **4. Subsequent Events**

RTLB has evaluated subsequent events through February 16, 2019, the date which the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements, nor have any subsequent events occurred, which would require disclosure.