REBUILDING TOGETHER METRO DENVER, INC.

Financial Statements
(Audited)

For the Years Ended December 31, 2014 and 2013

INDEX TO FINANCIAL STATEMENTS

Ryan, Gunsauls & O'Donnell, LLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Rebuilding Together Metro Denver

We have audited the accompanying financial statements of Rebuilding Together Metro Denver (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2014, 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.

Auditors' 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 auditors' 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 Rebuilding Together Metro Denver, Inc. as of December 31, 2014, 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.

Emphasis-of-Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in Note 12 to the financial statements, the Organization has suffered recurring significant reductions in revenues and has a significant loss in net assets that raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters are also described in Note 12. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Rebuilding Together Metro Denver, Inc.'s 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 27, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ryan, Gunsauls & O'Donnell, LLC

Ryan, Gunsauls, & O'Donnell, LLC

Denver, Colorado
March 11, 2015

REBUILDING TOGETHER METRO DENVER, INC.
Statements of Financial Position
December 31, 2014 and 2013

ASSETS

	2014	2013
Current assets:		
Cash and cash equivalents	$ 79,596	$ 153,555
Contributions receivable	5,000	1,000
Prepaid expenses	2,609	1,000
Deposits	1,300	1,498
Property held for resale	-	63,000
Total current assets	**88,505**	**220,053**
Property and equipment, net	**12,375**	**12,804**
Total assets	**$ 100,880**	**$ 232,857**

LIABILITIES AND NET ASSETS

	2014	2013
Liabilities:		
Accounts payable	$ 180	$ 9,587
Current portion of capital lease	1,404	-
Note payable	-	22,000
Accrued expenses	16,821	16,222
Total current liabilities	**18,405**	**47,809**
Capital lease, net of current portion	5,382	-
Total liabilities	**23,787**	**47,809**
Net assets:		
Unrestricted net assets	77,097	185,048
Total net assets	**77,097**	**185,048**
Total liabilities and net assets	**$ 100,884**	**$ 232,857**

See accompanying independent auditors' report and notes to financial statements.

REBUILDING TOGETHER METRO DENVER, INC.
Statements of Activities
For the Year Ended December 31, 2014 With Comparative Totals for 2013

	2014	2013
Revenue and support:		
In-kind contributions	$ 270,105	$ 484,002
Corporate contributions	124,251	204,873
Foundation grants	95,463	38,571
REO properties	44,531	92,791
Individual contributions	39,717	13,092
Fundraising events	10,559	16,852
Other income	907	1,899
Interest and service fee income	5	6
Board contributions	-	2,200
Total revenue and support	**585,538**	**854,286**
Functional expenses:		
Program services	470,356	510,881
General and administrative	217,289	291,875
Fundraising	5,845	1,929
Total functional expenses	**693,490**	**804,685**
Change in net assets	**(107,952)**	**49,601**
Net assets at beginning of year	**185,048**	**135,447**
Net assets at end of year	**$ 77,097**	**$ 185,048**

See accompanying independent auditors' report and notes to financial statements.

REBUILDING TOGETHER METRO DENVER, INC.
Statements of Functional Expenses
For the Year Ended December 31, 2014 With Summarized Comparative Totals for 2013

	Program services	General and administrative	Fund-raising	Total	2013 (Summarized)
Compensation expenses:					
Salaries and related expenses	$ 101,059	$ 87,490	$ -	$ 188,549	$ 178,319
Contract labor	35,804	8,490	-	44,294	48,020
Total compensation expense	136,863	95,980	-	232,843	226,339
Expenses:					
In-kind donations	205,183	63,722	1,201	270,106	258,702
Program expense	58,628	929	21	59,578	69,514
Occupancy	21,736	12,088	-	33,824	53,478
Payroll taxes and related	11,018	17,500	-	28,518	22,817
REO expenses	13,239	-	-	13,239	117,478
Membership and dues	10,000	782	10	10,792	10,600
Marketing	6,042	1,075	2,659	9,776	8,203
Accounting	-	7,479	-	7,479	8,058
Depreciation	-	7,449	-	7,449	8,508
Travel	3,414	2,392	467	6,273	5,076
Insurance	1,843	2,516	-	4,359	6,248
Printing and postage	1,169	2,323	673	4,165	4,329
Meetings and conferences	274	2,463	-	2,737	610
Office expense	947	241	239	1,427	1,569
Fundraising	-	350	575	925	3,156
Total expenses	333,493	121,309	5,845	460,647	578,346
Total functional expenses	**$ 470,356**	**$ 217,289**	**$ 5,845**	**$ 693,490**	**$ 804,685**

See accompanying independent auditors' report and notes to financial statements.

REBUILDING TOGETHER METRO DENVER, INC.
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Change in net assets	$ (107,952)	$ 49,601
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	7,449	8,508
Gain on sale of property	(44,531)	-
Expense (revenue) related to in-kind asset donations	-	12,000
(Increase) decrease in operating assets:		
Contributions receivable	(4,000)	(65)
Grants receivable	-	17,425
Prepaid expenses	(1,609)	(1,000)
Deposits	198	4,073
Increase (decrease) in operating liabilities:		
Accounts payable	(9,407)	145
Accrued expenses	599	(26,000)
Net cash (used in) provided by operating activities	**(159,253)**	**64,687**
Cash flows from investing activities:		
Proceeds from sale of property and equipment	107,531	-
Purchase of property and equipment	(7,023)	-
Net cash provided by investing activities	**100,508**	**-**
Cash flows from financing activities:		
(Payments) Borrowings on note payable	(22,000)	22,000
Borrowing on capital lease	7,020	-
Repayment on capital lease	(234)	(5,513)
Net cash (used in) provided by financing activities	**(15,214)**	**16,487**
Net change in cash and cash equivalents	**(73,959)**	**81,174**
Cash and cash equivalents, beginning of year	153,555	72,381
Cash and cash equivalents, end of year	**$ 79,596**	**$ 153,555**
Supplemental disclosure of cash flow information:		
Property, furniture and fixtures donated to Organization	$ -	$ 224,500
Capital lease, canon copier	$ 5,512	$ -

See accompanying independent auditors' report and notes to financial statements.

Note 1: Summary of Significant Accounting Policies

This summary of significant accounting policies of Rebuilding Together Metro Denver, Inc., (the Organization), is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of financial statements.

Nature of Operations

The Organization was incorporated in 1999 as a Colorado not-for-profit corporation, which works in partnership with the community to rehabilitate the houses of low-income homeowners, particularly the elderly and disabled. Since its inception, the Organization has partnered with thousands of volunteers to rehabilitate over 1,400 homes and non-profit facilities in the Denver Metropolitan area.

Eligible homeowners must be low-income, elderly, disabled or caring for a disabled family member, and unable to do the work themselves. The selection process is coordinated by staff and includes meeting homeowners and evaluating each home. Individual families are referred through human service organizations, churches, synagogues, community organizations and service groups or by self-referral.

Basis of Accounting

The Organization's financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation is in accordance with Financial Statement Accounting Board (FASB) Accounting Standard Codification (ASC) 958-210-45, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958-210-45, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets.

Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. In preparing financial statements, management is required to make estimates and assumptions that affect the reported period. Actual results could differ from those estimates.

Note 1: Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents.

Contributions Receivable

Contributions receivable consist of receivables for, board donations, corporate contributions, foundation contributions, and individual contributions. Based on the judgment of the Organization and past collection histories, no allowances for bad debts were deemed necessary at December 31, 2014 and 2013, respectively.

Property and Equipment

Property and equipment are recorded at cost or at fair market value in the case of donated items. Expenditures for and contributions of equipment with a fair market value greater than $1,000 are capitalized. Depreciation is computed using the straight-line method of depreciation over the following estimated useful lives of 5 years for furniture, equipment and vehicles.

Depreciation expense for the years ended December 31, 2014 and 2013 was $7,449 and $8,508, respectively.

Revenue and Support

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in ASC 958-310, *Accounting for Contributions Received and Contributions Made.* In accordance with ASC 958-310, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence and/or nature of any donor restrictions.

All other restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When the 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.

Donated Materials and Services

Donated services are recognized as contributions in accordance with ASC 720, *Accounting for Contributions Received and Contributions Made*, if services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated materials are valued as of the date of contribution and recognized accordingly.

Note 1: Summary of Significant Accounting Policies, continued

Income Taxes

No provision for income taxes is provided, as the Organization is exempt under Section 501(c)(3) of the Internal Revenue Code (the Code) and the Colorado Income Tax Act of 1964. As a charitable organization, only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. The Organization had no unrelated business income tax liability at December 31, 2014 and 2013.

The Organization has adopted the provisions of ASC 740, "Income Taxes". In determining the recognition of uncertain tax positions, the Organization applies a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities. The Organization analyzed its tax positions taken on their Federal and State tax returns for the open tax years 2010 through 2013. Based on our analysis, the Organization determined that there were no uncertain tax positions and that the Organization should prevail upon examination by the taxing authorities.

Fair Value of Financial Statements

Financial instruments consist primarily of cash and cash equivalents, receivables, accounts payable, and long-term debt. The amounts reported in the financial statements approximate fair values.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

Note 2: Cash and Cash Equivalents

The Organization maintains its cash balances at several financial institutions which at times exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC), up to $250,000 per institution per account holder. As of December 31, 2014 and 2013, there were no funds deposited that were in excess of what would have been covered by federal insurance. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

Note 3: Property and Equipment

Property and equipment at December 31, 2014 and 2013 consists of the following:

	2014	2013
Furniture and equipment	$ 36,092	$ 29,072
Automobiles	17,514	17,514
	53,606	46,586
Less accumulated depreciation	(41,231)	(33,782)
Property and equipment, net	$ 12,375	$ 12,804

Note 4: Property Held for Resale

During the year ended December 31, 2013, the Organization received three donated properties valued at $224,500 which was added to the property held for resale which had a balance of $75,000 from the year ended December 31, 2012. During the year ended December 31, 2012, the Organization received one donated property valued at $63,000. Three of the properties were sold in 2013 for their fair market value of $328,500, resulting in a gain on the sale of the properties of $92,791 at December 31, 2013. No new properties were donated in 2014. At December 31, 2013 one property remained on the balance sheet at its fair market value of $63,000. The final property was sold in 2014 for its fair market value of $107,531, resulting in a gain on the sale of the property of $44,531 at December 31, 2014.

Note 5: Capital Lease

The Organization leased telephone equipment under a capital lease agreement that expires in September 2014, based on 60-month terms, with zero interest. The lease was paid off during the year ended December 31, 2014 as part of the relocation of the Organization's offices and no further liability exists for this lease.

In the current year, the Organization entered into a capital lease for a copier. The agreement is for a 60-month period, with zero interest, and monthly payments of $117. The lease expires in September 2019.

Note 5: Capital Lease, continued

The asset under the capital lease is included in property and equipment at December 31, 2014 as follows:

Equipment	$ 21,720
Less accumulated depreciation	(15,051)
Total	$ 6,669

Future minimum lease payments as of December 31, 2014 were as follows:

2015	$ 1,404
2016	1,404
2017	1,404
2018	1,404
2019	1,170
	$ 6,786

Note 6: Note Payable

In 2013, the Organization entered into a note payable for $22,000 with unpaid interest and principal due on December 15, 2014. The note payable balance accrues interest at 10% per annum; and monthly interest payments of $183.33 are due beginning on December 15, 2013 until the maturity of the note. The note and all accrued interest was paid in full as of December 31, 2014.

Note 7: In-Kind Contributions

Donated goods and equipment are recorded at estimated fair values as revenue and expense, or capitalized assets, depending on the nature of the donation. The contribution of services is recognized if the services either create or enhance non-financial assets or require specialized skills. These specialized skills need to be provided by individuals possessing those skills and the services would typically need to be purchased if not provided by donation.

In-kind donations of materials and services recognized for the years ending December 31, 2014 and 2013 are as follows:

	2014	2013
Materials	$ 27,355	$ 9,946
Equipment rental	1,149	2,569
Fixed assets – held for sale	-	224,500
Services	241,601	246,987
Total	$ 270,105	$ 484,002

Note 8: Operating Lease

In 2013, the Organization entered into an operating agreement for office space that will expire on December 31, 2014. Per terms of the lease, the Organization may extend the lease term for consecutive 3 month terms. As of December 31, 2014, the Organization intends to extend this lease, at a monthly amount of $1,500. Rent expense for the years ended December 31, 2014 and 2013 was $16,500 and $18,000, respectively.

Note 9: Retirement Plan

The Organization adopted a 403(b) plan which covers its full-time employees. During the years ended December 31, 2014 and 2013, no contributions were made to the plan. Contributions are discretionary and are determined on an annual basis.

Note 10: Related Party Transactions

The Organization and similar entities around the country are members of the national Rebuilding Together, Inc. (the National Organization), but are not subsidiaries of or controlled by the National Organization. As of December 31, 2014 and 2013, the Organization paid the National Organization $10,000, for each year, in membership dues.

In 2014 and 2013, the Organization received pass-through grants of $10,450 and $92,914, respectively, from the National Organization. Additionally, liability insurance (including D&O premiums) is obtained through the National Organization, for which the Organization paid premiums of $2,939 and $3,895 for the years ended December 31, 2014 and 2013, respectively. The Organization also paid the National Organization $-0- and $7,500, respectively, for volunteer assistance for the years ended December 31, 2014 and 2013.

Note 11: Concentrations

The Organization enjoys broad based support from individuals, businesses, and various granting agencies in the community. In any year, it may receive large gifts and grants from donors who vary from year to year. For the years ended December 31, 2014 and 2013, the Organization received approximately 46% and 57% of its revenue from in-kind donations, 21% and 24% of its revenue from corporate contributions, and 8% and 11% of its revenues from the sales of donated property, respectively.

Of the amounts received for in-kind donations, 86% and 49% was from skilled and unskilled labor and 0% and 46% were from donated property for the years ended December 31, 2014 and 2013, respectively. Of the amounts received from corporate contributions, 8% and 3% was received from the National Organization during the years ended December 31, 2014 and 2013, respectively. There were no significant concentrations in other areas of support for the years ended December 31, 2014 and 2013.

Note 12: Going Concern Considerations

The Organization has experienced a significant decrease in revenue and in net assets. The Organization receives much of its annual revenue from in-kind contributions and corporate contributions which have declined significantly, roughly $295,000 or 43%. The Organization, in an effort to mitigate the effect of economic conditions, is searching for alternate sources of revenue, and has tried to reduce operating costs and is attempting to significantly increase contributions and looking into additional grant opportunities. In addition, the Organization is working with the Rebuilding Together National Organization to in an attempt to reduce expenses and increase revenues.

The ability of the Organization to continue as a going concern is dependent on the success of these actions. The financial statements do not include any adjustments relating to the recoverability of recorded asset amounts or the amounts of liabilities that might be necessary should the Organization be unable to continue as a going concern.

Note 13: Subsequent Events

The Organization has evaluated subsequent events through March 11, 2015, the date at which the financial statements were available to be issued, and determined that no events have occurred subsequent to that date that required disclosure.