REBUILDING TOGETHER METRO DENVER, INC.

Financial Statements
(Audited)

For the Years Ended
December 31, 2015 and 2014

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, Inc.

We have audited the accompanying financial statements of Rebuilding Together Metro Denver, Inc. (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2015, 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, 2015, 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 13 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 13. 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 11, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ryan, Gunsauls & O'Donnell, LLC

Denver, Colorado
June 20, 2016

REBUILDING TOGETHER METRO DENVER, INC.
Statements of Financial Position
December 31, 2015 and 2014

ASSETS

	2015	2014
Current assets:		
Cash and cash equivalents	$ 54,143	$ 79,596
Contributions receivable	-	5,000
Prepaid expenses	3,619	2,609
Deposit	1,000	1,300
Total current assets	**58,762**	**88,505**
Property and equipment, net	**8,087**	**12,375**
Total assets	**$ 66,849**	**$ 100,880**

LIABILITIES AND NET ASSETS

	2015	2014
Liabilities:		
Accounts payable	$ 3,162	$ 180
Related party payable	2,500	-
Current portion of capital lease	1,404	1,404
Accrued expenses	28,682	16,818
Total current liabilities	**35,748**	**18,402**
Capital lease, net of current portion	4,138	5,382
Total liabilities	**39,886**	**23,784**
Net assets:		
Unrestricted net assets	26,963	77,096
Total net assets	**26,963**	**77,096**
Total liabilities and net assets	**$ 66,849**	**$ 100,880**

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

REBUILDING TOGETHER METRO DENVER, INC.
Statements of Activities
For the Years Ended December 31, 2015 and 2014

	2015	2014
Revenue and support:		
In-kind contributions	$ 224,428	$ 270,105
Corporate contributions	166,715	124,251
Foundation grants	79,564	95,463
Individual contributions	27,911	10,559
Fundraising events	9,962	-
Government grant	3,000	907
Other income	228	5
Interest and service fee income	4	-
REO properties	-	39,717
Gain on sale of asset	-	44,531
Total revenue and support	**511,812**	**585,538**
Functional expenses:		
Program services	367,892	470,356
General and administrative	175,547	217,289
Fundraising	18,506	5,845
Total functional expenses	**561,945**	**693,490**
Change in net assets	**(50,133)**	**(107,952)**
Net assets at beginning of year	**77,096**	**185,048**
Net assets at end of year	**$ 26,963**	**$ 77,096**

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, 2015 With Summarized Comparative Totals for 2014

	Program services	General and administrative	Fund-raising	2015 Total	2014 (Summarized)
Compensation expenses:					
Salaries and related expenses	$ 65,044	$ 60,040	$ -	**$ 125,084**	**$ 163,441**
Contract labor	53,630	650	-	**54,280**	**68,376**
Total compensation expense	118,674	60,690	-	**179,364**	**231,817**
Expenses:					
In-kind donations	160,796	59,244	4,388	**224,428**	**270,105**
Program expense	46,828	2,423	-	**49,251**	**59,578**
Occupancy	20,857	12,312	-	**33,169**	**33,824**
Payroll taxes and related	9,030	14,099	-	**23,129**	**28,518**
Membership and dues	1,025	10,302	-	**11,327**	**10,792**
Accounting	-	7,354	-	**7,354**	**7,479**
Marketing	1,605	610	4,305	**6,520**	**9,776**
Fundraising	53	10	6,427	**6,490**	**925**
Insurance	3,225	2,710	-	**5,935**	**4,359**
Printing and postage	1,814	560	2,892	**5,266**	**4,165**
Meetings and conferences	2,030	408	-	**2,438**	**2,737**
Travel	1,175	557	494	**2,226**	**6,273**
Office expense	780	-	-	**780**	**2,454**
REO expenses	-	-	-	**-**	**13,239**
Total expenses before depreciation	249,218	110,589	18,506	**378,313**	**454,224**
Depreciation	-	4,268	-	**4,268**	**7,449**
Total expenses	**$ 367,892**	**$ 175,547**	**$ 18,506**	**$ 561,945**	**$ 693,490**

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, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ (50,133)	$ (107,952)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	4,268	7,449
Loss (gain) on sale of property	20	(44,531)
(Increase) decrease in operating assets:		
Contributions receivable	5,000	(4,000)
Prepaid expenses	(1,010)	(1,609)
Deposit	300	198
Increase (decrease) in operating liabilities:		
Accounts payable	2,982	(9,407)
Related party payable	2,500	-
Accrued expenses	11,864	599
Net cash used in operating activities	**(24,209)**	**(159,253)**
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 on note payable	-	(22,000)
Borrowing on capital lease	-	7,020
Repayment on capital lease	(1,244)	(234)
Net cash used in financing activities	**(1,244)**	**(15,214)**
Net change in cash and cash equivalents	**(25,453)**	**(73,959)**
Cash and cash equivalents, beginning of year	79,596	153,555
Cash and cash equivalents, end of year	**$ 54,143**	**$ 79,596**
Supplemental disclosure of cash flow information:		
Asset purchased through capital lease	$ -	$ 5,512

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

Note 1: Nature of Operations

Rebuilding Together Metro Denver, Inc. (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.

RTMD offers homeowner support throughout the year with our signature programs:

Emergency Home Repair Program – The EHRP focuses on urgent home repairs for low income and disabled homeowners, including heat, water and electrical repairs. These critical repairs keep families in their homes, avoiding health department or social service interventions. In 2015 through the EHRP program we served 39 homeowners, making 138 repairs, with nearly 60% being water-heater or furnace related. With a typical repair cost of more than $2,000, these repairs are out of reach for our average homeowner making $19,499 a year or a little over $1,600 a month.

Rebuilding Days – Our flagship program brings together hundreds of volunteers and dozens of corporate sponsors to repair, revitalize and rehabilitate homes and community centers. With a focus on safety and revitalizing communities, Rebuilding Together Metro Denver undertook projects on 17 homes and five community centers in 2015, making nearly 250 repairs and enhancements. These efforts helped nonprofit community centers and organizations refresh and refurbish these low income neighborhoods impacting nearly 1,000 individuals in 2015 alone.

Note 2: Summary of Significant Accounting Policies

Financial Statement Presentation

Financial statement presentation is in accordance with *Presentation of Financial Statements of Not-for-Profit Organizations* standards. 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. The Organization has no temporary or permanently restricted net assets as of December 31, 2015 and 2014.

Note 2: Summary of Significant Accounting Policies, continued

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.

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 and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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, 2015 and 2014.

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 $500 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, 2015 and 2014 was $4,268 and $7,449, respectively.

Revenue and Support

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

Note 2: Summary of Significant Accounting Policies, continued

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 *Contributions Received*, 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.

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, 2015 and 2014.

The Organization has adopted the provisions of *Income Taxes* standards. 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 informational returns for the open tax years 2012 through 2014. Based on their analysis, the Organization determined that there were no uncertain tax positions and that the Organization should prevail upon examination by the taxing authorities.

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.

Note 2: Summary of Significant Accounting Policies, continued

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, 2014, from which the summarized information was derived.

Note 3: Credit Risk of 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, up to $250,000 per institution per account holder. As of December 31, 2015 and 2014, 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 4: Property and Equipment

Property and equipment at December 31, 2015 and 2014 consists of the following:

	2015	2014
Furniture and equipment	$ 29,799	$ 36,092
Automobiles	17,514	17,514
	47,313	53,606
Less: accumulated depreciation	(39,226)	(41,231)
Property and equipment, net	$ 8,087	$ 12,375

Note 5: Capital Lease

The Organization has 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.

The asset under the capital lease is included in property and equipment at December 31, 2015 as follows:

Equipment	$ 7,020
Less accumulated depreciation	(1,755)
Total	$ 5,265

Note 5: Capital Lease, continued

Future minimum lease payments as of December 31, 2015 were as follows:

2016	$ 1,404
2017	1,404
2018	1,404
2019	1,330
	$ 5,542

Note 6: Property Held for Resale

The Organization receives donated properties from time to time. No new properties were donated in 2015 or 2014. One property remained on the balance sheet at its fair market value of $63,000 from 2013. 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 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, 2015 and 2014 are as follows:

	2015	2014
Materials	$ 3,100	$ 27,355
Equipment rental	1,018	1,149
Services	215,305	241,601
Total	$ 224,428	$ 270,105

Note 8: Operating Lease

The Organization has an operating agreement for office space that expired on December 31, 2014. Per the terms of the lease, the Organization extended the lease term for consecutive 3 month terms. As of December 31, 2015, the Organization intends to continue extending this lease, at a monthly amount of $1,500. Rent expense for the years ended December 31, 2015 and 2014 was $18,000.

Note 9: Retirement Plan

The Organization adopted a 403(b) plan which covers its full-time employees. During the years ended December 31, 2015 and 2014, 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, 2015 and 2014, the Organization paid the National Organization $11,000 and $10,000, respectively, in membership dues.

In 2015 and 2014, the Organization received pass-through grants of $59,000 and $10,450, 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 $3,082 and $2,939 for the years ended December 31, 2015 and 2014, respectively.

Note 11: Concentrations

The Organization's has certain concentrations in specific categories; these concentrations represent 10% or more of total revenues. If a significant reduction in the level of these revenue sources occurs, it may have an effect on the Organization's program and activities.

	2015	2014
In-kind donations (43% and 46%)	$ 219,423	$ 270,105
Corporate contributions (33% and 21%)	166,715	124,251
Foundation grants (16% and 16%)	79,564	95,463

Note 12: Reclassification

Certain reclassifications have been made to the 2014 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Note 13: 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. In-kind contributions saw a decrease of roughly $50,682 or 19% from prior year. 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. Additionally, beginning May 25, 2016, the Organization will be led by a new Executive Director with a strong background in non-profit fundraising. Finally, the Organization is working with National Rebuilding Together, Inc. in an attempt to reduce expenses and increase revenues. The Organization did see a significant increase in corporate contributions in the current year of roughly $42,464 or 34% as well as a decrease in operating expenses of $41,742 or 19%, which is encouraging. In addition, as disclosed in Note 14 below, the Organization has also received donated property in fiscal year 2016.

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 14: Subsequent Events

The Organization has evaluated subsequent events through June 20, 2016, the date at which the financial statements were available to be issued, and determined that the following events occurred that require disclosure:

In January 2016, the Organization received donated property with a fair market value of $50,000, which will be recorded as property held for resale on the statement of activities.

In February 2016, the Organization received donated property with a fair market value of $20,000, which will be recorded as property held for resale on the statement of activities. On May 20, 2016, the property was sold for $23,000 with net cash proceeds of $20,403.15.

In April 2016, an Executive Director was hired and began working on May 25, 2016.