

# COMMUNITY REBUILDERS

## FINANCIAL STATEMENTS

For the years ended  
December 31, 2019 and 2018

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**INDEPENDENT AUDITOR'S REPORT**

December 1, 2020

To the Board of Directors  
Community Rebuilders  
Grand Rapids, Michigan

We have audited the accompanying financial statements of Community Rebuilders (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019, and 2018; the related statements of activities, functional expenses, and cash flows for the years 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 Community Rebuilders as of December 31, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2020, on our consideration of Community Rebuilders internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Community Rebuilders' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Rebuilders internal control over financial reporting and compliance.



Certified Public Accountants  
Grand Rapids, Michigan

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## FINANCIAL STATEMENTS

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## STATEMENTS OF FINANCIAL POSITION

### COMMUNITY REBUILDERS

For the years ended December 31, 2019 and 2018

#### ASSETS

	2019	2018
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,539,203	\$ 5,344,624
Accounts receivable	661,021	575,437
Inventory	10,734	6,148
Prepaid expenses	78,012	46,603
<b>Total Current Assets</b>	5,288,970	5,972,812
<b>Property and Equipment</b>		
Land	48,712	48,712
Computers and equipment	7,576	7,576
Autos and trucks	21,915	21,915
Leasehold improvements	224,920	224,920
Buildings	1,362,690	1,362,690
	1,665,813	1,665,813
Accumulated depreciation	(1,215,845)	(1,167,175)
<b>Net Property and Equipment</b>	449,968	498,638
<b>Total Assets</b>	<b>\$ 5,738,938</b>	<b>\$ 6,471,450</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Line of credit	\$ -	\$ 125,000
Accounts payable	159,142	53,497
Security deposits	24,125	25,644
Accrued expenses	36,172	6,074
Payroll liabilities	54,242	43,089
Funds held for others	62,750	-
Deferred revenue	48,279	76,034
Current portion of long-term debt	-	32,176
<b>Total Current Liabilities</b>	384,710	361,514
<b>Long-Term Liabilities</b>		
Long-term debt	-	260,420
<b>Total Liabilities</b>	384,710	621,934
<b>Net Assets</b>		
Without donor restrictions	5,331,402	5,595,129
With donor restrictions	22,826	254,387
<b>Total Net Assets</b>	5,354,228	5,849,516
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,738,938</b>	<b>\$ 6,471,450</b>

## STATEMENTS OF ACTIVITIES

### COMMUNITY REBUILDERS

For the year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Grant revenue	\$ 6,392,966	\$ -	\$ 6,392,966
Program revenue	187,938	-	187,938
Rental revenue	457,118	-	457,118
Contributions	240,407	21,902	262,309
Miscellaneous	53,412	-	53,412
Interest income	4,711	-	4,711
Net assets released from restriction	253,463	(253,463)	-
<b>Total Revenue and Support</b>	<b>7,590,015</b>	<b>(231,561)</b>	<b>7,358,454</b>
<b>Expenses</b>			
Program expenses	7,051,491	-	7,051,491
Management and general	802,251	-	802,251
<b>Total Expenses</b>	<b>7,853,742</b>	<b>-</b>	<b>7,853,742</b>
<b>Change in Net Assets</b>	<b>(263,727)</b>	<b>(231,561)</b>	<b>(495,288)</b>
<b>Net Assets</b> , beginning of year	<b>5,595,129</b>	<b>254,387</b>	<b>5,849,516</b>
<b>Net Assets</b> , end of year	<b>\$ 5,331,402</b>	<b>\$ 22,826</b>	<b>\$ 5,354,228</b>



## STATEMENTS OF ACTIVITIES (Continued)

### COMMUNITY REBUILDERS

For the year ended December 31, 2018

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Grant Revenue and Other</b>			
Grant revenue	\$ 10,801,525	\$ -	\$ 10,801,525
Program revenue	172,130	-	172,130
Rental revenue	419,721	-	419,721
Contributions	192,224	39,518	231,742
Miscellaneous	119,126	-	119,126
Interest income	811	-	811
Net assets released from restriction	26,576	(26,576)	-
<b>Total Grant Revenue and Other</b>	<b>11,732,113</b>	<b>12,942</b>	<b>11,745,055</b>
<b>Expenses</b>			
Program expenses	6,279,356	-	6,279,356
Management and general	419,770	-	419,770
<b>Total Expenses</b>	<b>6,699,126</b>	<b>-</b>	<b>6,699,126</b>
<b>Change in Net Assets</b>	<b>5,032,987</b>	<b>12,942</b>	<b>5,045,929</b>
<b>Net Assets</b> , beginning of year	<b>562,142</b>	<b>241,445</b>	<b>803,587</b>
<b>Net Assets</b> , end of year	<b>\$ 5,595,129</b>	<b>\$ 254,387</b>	<b>\$ 5,849,516</b>

# STATEMENTS OF FUNCTIONAL EXPENSES

**COMMUNITY REBUILDERS**  
For the year ended December 31, 2019

	Housing Solutions	Keys First	LOFT	HEROES	Program Services				United Way	Veterans per Diem
					Shelter plus Care	Rental	HOPWA			
Salary and wages	\$ 197,472	\$ 223,487	\$ 40,662	\$ 30,059	\$ 208,208	\$ 125,399	\$ 59,849	\$ 45,239	\$ 122,721	
Payroll taxes	16,510	17,378	2,124	2,089	17,177	9,071	4,619	3,661	9,714	
Employee insurance	23,544	34,503	3,084	2,872	42,212	15,119	8,104	7,534	27,636	
Retirement contributions	5,299	5,790	699	673	6,271	2,888	1,640	1,012	4,890	
	242,825	281,158	46,569	35,693	273,868	152,477	74,212	57,446	164,961	
Occupancy	6,301	7,292	1,381	1,165	8,874	648	1,723	272	19,145	
Housing assistance	265,893	261,816	82,145	77,959	1,133,503	94	104,583	-	146,800	
Credit and collections	6,400	-	1,498	800	4,000	1,700	-	-	-	
Bank and interest charges	-	-	-	-	-	3,993	-	-	2,322	
Subcontractors	-	258,269	-	-	-	-	-	-	-	
Communications	9,928	13,181	3,074	2,977	14,984	3,767	3,348	3,471	18,153	
Outreach and marketing	64	75	8	8	108	238	19	24	101	
Property maintenance	-	-	-	-	-	141,455	-	-	-	
Office supplies	9,092	7,762	3,318	1,673	7,354	3,131	4,044	2,025	7,653	
Insurance	259	300	51	40	155	22,509	81	95	478	
Professional services	730	980	160	125	1,271	2,516	246	313	4,897	
Training and recruitment	1,964	861	-	1,988	(1,082)	1,260	226	179	1,379	
Program services	3,859	20,184	1,132	710	3,862	3,999	4,873	3,326	38,873	
Travel	-	-	-	1,022	-	-	-	-	964	
Other operating expenses	-	-	-	-	-	25,103	-	-	27,331	
Depreciation	-	-	-	-	-	48,670	-	-	-	
<b>Total Expenses</b>	<b>\$ 547,315</b>	<b>\$ 851,878</b>	<b>\$ 139,336</b>	<b>\$ 124,160</b>	<b>\$ 1,446,897</b>	<b>\$ 411,560</b>	<b>\$ 193,355</b>	<b>\$ 67,156</b>	<b>\$ 433,057</b>	

See accompanying notes to financial statements.

# STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

COMMUNITY REBUILDERS  
For the year ended December 31, 2019

	Program Services							HOME/ Kent Together	Other Programs	GRCF After Hub
	Supportive Services for Veteran Families	Health Care - Homeless Vets	PSH Connections	RRH Youth	PSH Connections	RRH Youth	RRH Youth			
Salary and wages	\$ 140,434	\$ 111,047	\$ 36,357	\$ -	\$ 91,068	\$ -	\$ 56,083			
Payroll taxes	12,329	9,374	2,674	-	8,847	-	3,883			
Employee insurance	32,246	22,564	2,845	-	28,703	-	7,199			
Retirement contributions	4,139	3,178	870	-	2,539	-	1,259			
	189,148	146,163	42,746	-	131,157	-	68,424			
Occupancy	12,719	14,601	1,230	-	-	-	-			
Housing assistance	117,605	84,850	79,110	-	410,952	-	-			
Credit and collections	-	-	-	-	-	-	-			
Bank and interest charges	-	2,274	-	-	-	-	-			
Subcontractors	-	-	-	-	-	-	-			
Communications	14,196	12,748	2,206	193	-	-	833			
Outreach and marketing	112	84	-	-	-	-	-			
Property maintenance	-	-	-	-	-	-	-			
Office supplies	5,468	5,825	1,813	-	-	-	-		179	
Insurance	316	327	59	-	25	-	204		-	
Professional services	1,098	3,782	182	-	-	-	-		-	
Training and recruitment	-	1,206	71	-	-	-	-		-	
Program services	9,051	19,515	1,672	58	-	-	224,227		-	
Travel	2,757	-	-	-	71	-	-		15	
Other operating expenses	-	-	-	-	-	-	-		-	
Depreciation	-	-	-	-	-	-	-		-	
<b>Total Expenses</b>	<b>\$ 352,470</b>	<b>\$ 291,375</b>	<b>\$ 129,089</b>	<b>\$ 251</b>	<b>\$ 542,205</b>	<b>\$ 225,264</b>	<b>\$ 68,618</b>			

See accompanying notes to financial statements.

## STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

**COMMUNITY REBUILDERS**  
For the year ended December 31, 2019

	Program Services			Project Healing	Total Program Expenses	Supporting Services		Total
	ESG	First Step	VA Voices			Management and General	2019	
Salary and wages	\$ 58,337	\$ 130,071	\$ 62,577	\$ 39,121	\$ 1,778,191	\$ 444,220	\$ 2,222,411	
Payroll taxes	5,179	7,331	-	2,596	134,556	38,668	173,224	
Employee insurance	8,918	11,528	-	4,939	283,550	44,766	328,316	
Retirement contributions	1,144	2,513	-	493	45,297	14,509	59,806	
	73,578	151,443	62,577	47,149	2,241,594	542,163	2,783,757	
Occupancy	3,118	331,912	-	2,429	412,810	13,303	426,113	
Housing assistance	72,000	118,787	-	36,057	2,992,154	-	2,992,154	
Credit and collections	-	-	-	-	14,398	-	14,398	
Bank and interest charges	-	-	-	-	8,594	4,601	13,195	
Subcontractors	-	215,149	-	-	473,418	-	473,418	
Communications	382	9,029	-	2,825	115,295	69,548	184,843	
Outreach and marketing	-	65	-	26	932	6,246	7,178	
Property maintenance	-	-	-	-	141,455	-	141,455	
Office supplies	212	9,369	-	3,890	72,808	17,227	90,035	
Insurance	-	210	-	-	25,109	90	25,199	
Professional services	-	726	-	157	17,183	31,798	48,981	
Training and recruitment	-	2,967	-	109	11,128	103,704	114,832	
Program services	31,249	37,858	-	14,001	418,449	7,158	425,607	
Travel	137	41	-	53	5,060	659	5,719	
Other operating expenses	-	-	-	-	52,434	5,754	58,188	
Depreciation	-	-	-	-	48,670	-	48,670	
<b>Total Expenses</b>	<b>\$ 180,676</b>	<b>\$ 877,556</b>	<b>\$ 62,577</b>	<b>\$ 106,696</b>	<b>\$ 7,051,491</b>	<b>\$ 802,251</b>	<b>\$ 7,853,742</b>	

See accompanying notes to financial statements.

## STATEMENTS OF FUNCTIONAL EXPENSES

**COMMUNITY REBUILDERS**  
For the year ended December 31, 2018

	Program Services									
	Housing Solutions	Keys First	LOFT	HEROES	Shelter plus Care	Rental	HOPWA	United Way	Veterans per Diem	
Salary and wages	\$ 209,833	\$ 232,009	\$ 38,233	\$ 29,239	\$ 239,999	\$ 116,911	\$ 51,426	\$ 60,572	\$ 95,973	
Payroll taxes	17,182	20,116	3,244	3,514	20,206	8,215	3,997	5,370	9,078	
Employee insurance	23,460	34,700	4,006	2,812	37,120	12,196	6,359	10,743	10,764	
Retirement contributions	5,484	6,321	931	862	6,315	2,783	1,386	1,721	2,389	
	255,959	293,146	46,414	36,427	303,640	140,105	63,168	78,406	118,204	
Occupancy	6,001	7,053	2,000	1,814	9,081	319	1,652	445	20,920	
Housing assistance	251,893	264,954	79,320	94,097	1,043,275	-	80,512	-	142,080	
Credit and collections	4,587	-	2,200	1,245	5,500	3,300	-	-	363	
Bank and interest charges	-	-	-	-	-	15,294	-	7	2,576	
Subcontractors	-	181,112	-	-	-	-	-	-	-	
Communications	9,477	11,124	2,206	1,966	13,621	3,046	3,176	4,593	16,991	
Outreach and marketing	226	289	44	36	360	26	73	105	462	
Property maintenance	-	-	-	-	-	125,300	-	-	-	
Office supplies	6,985	6,202	5,046	573	7,815	6,197	2,429	3,945	7,592	
Insurance	927	1,134	168	136	1,176	20,335	290	382	1,724	
Professional services	453	550	84	67	674	1,667	142	258	5,345	
Training and recruitment	1,716	2,565	2	757	1,975	1,501	2,219	538	2,465	
Program services	4,496	16,794	1,303	3,866	1,353	3,034	3,242	2,992	25,302	
Other operating expenses	-	-	-	-	-	669	-	-	(9,917)	
Depreciation	-	-	-	-	-	48,293	-	-	-	
<b>Total Expenses</b>	<b>\$ 542,720</b>	<b>\$ 784,923</b>	<b>\$ 138,787</b>	<b>\$ 140,984</b>	<b>\$ 1,388,470</b>	<b>\$ 369,086</b>	<b>\$ 156,903</b>	<b>\$ 91,671</b>	<b>\$ 334,107</b>	

See accompanying notes to financial statements.

## STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

**COMMUNITY REBUILDERS**  
For the year ended December 31, 2018

	Program Services						HOME/ Kent Together	Other Programs	GRCF After Hub
	Supportive Services for Veteran Families	Health Care - Homeless Vets	PSH Connections	RRH Youth	RRH Youth	RRH Youth			
Salary and wages	\$ 152,883	\$ 127,372	\$ 36,356	\$ 78,114	\$ 101,165	\$ -	\$ -	\$ 28,207	
Payroll taxes	12,402	10,876	2,985	8,586	8,939	-	-	3,423	
Employee insurance	27,138	24,237	3,539	21,632	25,900	-	-	751	
Retirement contributions	4,127	3,227	919	2,086	2,757	-	-	757	
	196,550	165,712	43,799	110,418	138,761	-	-	33,138	
Occupancy	11,763	16,839	1,401	4,161	-	-	-	-	
Housing assistance	100,451	81,307	160,971	131,886	358,476	-	-	-	
Credit and collections	-	-	-	-	-	-	-	-	
Bank and interest charges	-	2,392	-	-	-	-	-	-	
Subcontractors	-	-	-	330,041	-	-	-	-	
Communications	13,092	12,581	2,529	8,049	-	702	-	-	
Outreach and marketing	316	339	66	175	-	-	-	-	
Property maintenance	-	-	-	-	-	-	-	-	
Office supplies	8,209	5,430	1,327	2,910	-	-	179	-	
Insurance	1,234	1,225	252	465	-	-	331	-	
Professional services	596	3,707	119	305	-	-	-	-	
Training and recruitment	-	2,134	303	428	-	-	-	-	
Program services	9,242	23,226	4,452	7,720	-	-	144,735	-	
Other operating expenses	-	-	-	-	-	-	-	-	
Depreciation	-	-	-	-	-	-	-	-	
<b>Total Expenses</b>	<b>\$ 341,453</b>	<b>\$ 314,892</b>	<b>\$ 215,219</b>	<b>\$ 596,558</b>	<b>\$ 497,237</b>	<b>\$ 145,947</b>	<b>\$ 33,138</b>	<b>\$ 33,138</b>	

See accompanying notes to financial statements.

## STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

### COMMUNITY REBUILDERS

For the year ended December 31, 2018

	ESGP	First Step	Total Program Expenses	Supporting Services Management and General	Total 2018
Salary and wages	\$ 38,656	\$ 11,877	\$ 1,648,825	\$ 207,926	\$ 1,856,751
Payroll taxes	3,581	499	142,213	15,668	157,881
Employee insurance	15,178	1,822	262,357	49,202	311,559
Retirement contributions	1,249	212	43,526	5,416	48,942
	58,664	14,410	2,096,921	278,212	2,375,133
Occupancy	4,792	383	88,624	12,617	101,241
Housing assistance	71,801	-	2,861,023	-	2,861,023
Credit and collections	-	-	17,195	-	17,195
Bank and interest charges	-	-	20,269	4,377	24,646
Subcontractors	-	-	511,153	-	511,153
Communications	356	451	103,960	10,263	114,223
Outreach and marketing	-	-	2,517	2,218	4,735
Property maintenance	-	-	125,300	-	125,300
Office supplies	100	143	65,082	13,246	78,328
Insurance	-	340	30,119	764	30,883
Professional services	-	80	14,047	29,269	43,316
Training and recruitment	-	-	16,603	37,353	53,956
Program services	35,740	1	287,498	5,567	293,065
Other operating expenses	-	-	(9,248)	25,884	16,636
Depreciation	-	-	48,293	-	48,293
<b>Total Expenses</b>	<b>\$ 171,453</b>	<b>\$ 15,808</b>	<b>\$ 6,279,356</b>	<b>\$ 419,770</b>	<b>\$ 6,699,126</b>

See accompanying notes to financial statements.

## STATEMENTS OF CASH FLOWS

### COMMUNITY REBUILDERS

For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used for) Operating Activities:</b>		
Change in net assets	\$ (495,288)	\$ 5,045,929
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used for) Operating Activities</b>		
Depreciation expense	48,670	48,293
Changes in operating assets and liabilities:		
Accounts receivable	(85,584)	(227,578)
Inventory	(4,586)	-
Prepaid expenses	(31,409)	(24,219)
Accounts payable	105,645	(502)
Security deposits	(1,519)	2,319
Accrued expenses	41,251	16,287
Funds held for others	62,750	
Deferred revenue	(27,755)	61,209
<b>Net Cash Provided by (Used for) Operating Activities</b>	(387,825)	4,921,738
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	-	(78,257)
<b>Net Cash Used for Investing Activities</b>	-	(78,257)
<b>Cash Flows from Financing Activities</b>		
Repayments of line of credit	(125,000)	-
Repayments of long-term debt	(292,596)	(2,595)
Proceeds from long-term debt	-	47,267
<b>Net Cash Provided (Used for) Financing Activities</b>	(417,596)	44,672
<b>Beginning Cash and Cash Equivalents</b>	5,344,624	456,471
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 4,539,203</u>	<u>\$ 5,344,624</u>
<b>Supplemental Cash Flow Information</b>		
Cash paid for interest	\$ 10,866	\$ 21,676



### **Note A – Nature of Activities and Summary of Significant Accounting Policies**

#### **Nature of Activities**

The accompanying financial statements present the financial position, results of operations, and cash flows of Community Rebuilders (the “Organization”). The Organization’s mission is to provide housing opportunities and support services to households with a housing crisis in Kent County. The Organization utilizes a housing first approach focused on rapidly re-housing homeless households by providing access to affordable housing with support. The provision of rent assistance and housing stabilization services such as strengths-based case management, help with employment, connecting with mainstream resources like TANF and SSI/SSDI, budget counseling, and childcare assistance etc. are utilized to assist households to obtain housing and remain stably housed. The Organization prevents households from becoming homeless through the provision of rent assistance, paying back rent, and effective case management and homeless prevention planning.

The Organization operates the following programs:

*Housing Solutions Project* - this project serves individuals and families who have a severe and persistent disabling condition who are also experiencing long-term or recurring homelessness. This project successfully links these households to permanent housing and the necessary support to end their homelessness and promote their improved health and wellbeing. Persons in this project have complex needs. This project reduces and removes barriers for households with mental and physical health issues, substance use issues, poor credit or financial history, or past involvement with the criminal justice system. This project relies upon strong and direct referral linkages and relationships to mental and physical health providers, outreach programs, and crisis response systems. Housing is provided primarily in the private rental market. The project participant contributes 30% of their income towards rent with the remainder being paid with project funds.

*Keys First Project* - this project is designed to help families quickly exit homelessness and return to permanent housing. Assistance is offered without preconditions – such as employment, income, absence of criminal history, or sobriety. The resources provided are tailored to the unique needs of each household. The services emphasize each individual’s self-determination and strengths and promote long-term housing stability and self-sufficiency.

*LOFT Project* - this project serves individuals who have a severe and persistent disabling condition who are also experiencing long-term or recurring homelessness. This project successfully links these households to permanent housing and the necessary support to end their homelessness and promote their improved health and wellbeing. Persons in this project have complex needs. This project reduces and removes barriers for households with mental and physical health issues, substance use issues, poor credit or financial history, or past involvement with the criminal justice system. This project relies upon strong and direct referral linkages and relationships to mental and physical health providers, outreach programs, and crisis response systems. Housing is provided primarily in the private rental market. The project participant contributes 30% of their income towards rent with the remainder being paid with project funds.

**Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)**

**Nature of Activities (Continued)**

*HEROES* - this project serves Veterans who have a severe and persistent disabling condition who are also experiencing long-term or recurring homelessness. This project successfully links these households to permanent housing and the necessary support to end their homeless and promote their improved health and wellbeing. Persons in this project have complex needs. This project reduces and removes barriers for households with mental and physical health issues, substance use issues, poor credit or financial history, or past involvement with the criminal justice system. This project relies upon strong and direct referral linkages and relationships to mental and physical health providers, outreach programs, and crisis response systems. Housing is provided primarily in the private rental market. The project participant contributes 30% of their income towards rent with the remainder being paid with project funds.

*Shelter Plus Care* - this project serves persons experiencing homelessness who have a severe and persistent disabling condition. Although not required, most of the participants are also experiencing long-term or recurring homelessness. This project successfully links these households to permanent housing and the necessary support to end their homelessness and promote their improved health and wellbeing. Persons in this project have complex needs. This project reduces and removes barriers for households with mental and physical health issues, substance use issues, poor credit or financial history, or past involvement with the criminal justice system. This project relies upon strong and direct referral linkages and relationships to mental and physical health providers, outreach programs, and crisis response systems. Housing is provided primarily in the private rental market. The project participant contributes 30% of their income towards rent with the remainder being paid with project funds.

*Rental Program* - This program expands opportunities for tenancy in the rental market by providing affordable rental units. The units are rented at or below fair market rent to individuals and families who are working to rebuild their rental histories and secure rental housing despite poverty, past evictions, and poor credit histories.

*Housing Opportunities for Persons Living with Aids/ HIV Related Illnesses (HOPWA)* - this project provides housing assistance and supports low-income households living with HIV/AIDS. Assistance and services are provided to promote safe, stable housing that provides the essential foundation for successful management of HIV.

*United Way Allocation* - this project supports services that emphasize people's self-determination and strengths and promote housing stability. These services value the capacity, skills, knowledge, connections, and potential in individuals and communities. These services, called Strengths-Based, produce results of long-term housing stability and increased self-sufficiency for program participants.

**Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)**

**Nature of Activities (Continued)**

*VA Homeless Veterans per Diem Program, Veteran Heights* - this project serves homeless Veterans that have been offered and accepted a permanent housing intervention and are not able to immediately enter the permanent housing. A short-term stay of generally less than 90 days in transitional housing is provided. Additional supports and case management are provided to promote an individualized goal and action plan that is focused on the needs of the Veteran and the move to permanent housing.

*Supportive Services for Veteran Families Program* - this program provides a broad range of services and housing assistance to very low-income Veterans and their families to deliver effective and efficient homelessness prevention and rapid re-housing assistance. Five key areas of service include: 1) Outreach, engagement, and admission; 2) Assessment and housing plan; 3) Participant services non-financial; 4) Participant services, financial; and 5) Landlord supports.

*Health Care for Homeless Veterans, Veteran Residential Services* - this program provides housing and supports to Veterans who are at imminent risk of homelessness or currently experiencing homelessness. Participants are able to move from the streets and places unfit for human habitation into a transitional home that is safe and supportive of their health recovery needs and promotes their move to permanent housing within 60-90 days.

*PSH Connections* - this project serves individuals and families who have a severe and persistent disabling condition who are also experiencing homelessness. This project successfully links these households to permanent housing and the necessary supports to end their homelessness and promote their improved health and wellbeing. All households in this program are also receiving behavioral health services funded by Network 180.

*Rapid Rehousing Youth Collaborative* - this project is designed to help youth age 18-24 quickly exit homelessness and return to permanent housing. Assistance is offered without preconditions – such as employment, income, absence of criminal history, or sobriety. The resources provided are tailored to the unique needs of each youth. The youth are assisted to secure housing and based on each youth's unique needs, preferences, and financial resources, services are provided to help the youth maintain housing and increase their income and wellbeing. These services value the capacity, skills, knowledge, connections, and potential of each youth and community. Rental assistance and services are typically not longer than 3-12 months.

*HOME/Kent Together* - this project makes housing affordable for persons at imminent risk of homelessness or currently homeless by providing short-term rental voucher assistance and supportive services to promote increased income and long-term housing stability.

### **Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)**

#### **Nature of Activities (Continued)**

*GRCF - After Hub Program* - this project is a public/private partnership that promotes the health and wellbeing of Veterans by using two national programs: Healthy Minds, Healthy Bodies and the Mindful Resilience Veterans Yoga Project. This project builds the communities capacity to meet the social and physical needs of Veterans through trainings and education. Veterans are assisted to build new skills and networks that support reintegration into the community after military service.

*Emergency Solutions Grant Program* - this program engages homeless individuals and families in rapid rehousing services. Assistance is offered without preconditions – such as employment, income, absence of criminal history, or sobriety. The resources provided are tailored to the unique needs of each household. Households are assisted to first secure housing and based on each family's unique needs, preferences, and financial resources, services are provided.

*Veteran Voices* - This project serves verified Veterans within the catchment area of the Battle Creek VA Medical Center. The goal of this project is to enhance life skills, increase literacy, and improve employment readiness with the goal of gaining and maintaining employment to support long term stability. The project provides individual and group activities to support recovery, vocational counseling, life skills, and improved relationships, all resulting in increased self-sufficiency.

*Project Heal* - Project Heal is a Transitional Housing and Rapid Rehousing program, designed to partner households who have experienced domestic violence with a Housing Resource Specialist who will help them move from a situation of homelessness to housing. This project contains both a TH (transitional housing) component to meet the emergency housing needs of persons before a permanent housing unit becomes available and a Rapid Rehousing (RRH) component to assist the household in moving to permanent housing as quickly as possible. Monthly meetings with a Housing Resource Specialist support the goals of maintaining housing, increasing income, and achieving self-sufficiency.

#### **Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting, recording revenue when earned rather than when received, and recording expenses when incurred rather than when paid.

#### **Use of Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. 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.

## NOTES TO FINANCIAL STATEMENTS

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### COMMUNITY REBUILDERS

For the years ended December 31, 2019 and 2018

#### *Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)*

##### **Cash and Cash Equivalents**

Cash and cash equivalents consists of demand deposits in banks, institutional money market funds, and cash on hand. For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents, except that such assets held in endowment are generally classified as noncurrent. The Organization maintains cash balances in checking and savings accounts. The checking and savings accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. From time to time during the year, the Organization may have cash in a bank checking or savings account in excess of the federally insured limit.

##### **Concentration of Funding**

The Organization receives virtually all of its funding from the U.S. Federal, state, and local governments. Loss of this funding would result in a substantial reduction in program services.

##### **Inventory**

Inventory consists of donated furniture and household goods recorded at fair market value of the items at the time of donation. These items are distributed to program participants.

##### **Property and Equipment**

Property and equipment are stated at cost, or in the case of donated property, at estimated fair value at the date of donation. The Organization follows a capitalization policy of \$5,000 in determining assets to be depreciated. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives are as follows:

Computers and equipment	3 years
Autos and trucks	5 years
Leasehold improvements	5-27.5 years
Buildings	27.5 years

##### **Accounts Receivable**

Accounts receivable includes amounts due from grant programs, contributions and rents due from tenants and are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through the provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off. The Organization has established an allowance of \$8,619 and \$10,036 for uncollectible rents for the years ended December 31, 2019 and 2018, respectively.

### *Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)*

#### **Funds Held for Others**

Funds held for Others consists of a cash received from the Grand Rapids Community Foundation that is to be passed through to other organizations for a specified purpose.

#### **Deferred Revenue**

Revenue from government grants qualifies as “exchange transaction” type revenue. Accordingly, government grants are recognized as revenue in the period in which expenditures are made. Grant proceeds received in advance of expenditures are recorded as deferred revenue in the statement of financial position.

#### **Net Assets**

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions – net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### **Contributions**

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor-imposed restrictions that are met in the same year as received or earned are reported as unrestricted income.

#### **In-Kind Contributions**

The Organization recognized in-kind contributions that create or enhance nonfinancial assets or require specialized skills and would typically be purchased had they not been provided by donation. These contributions assist the programs and supportive services of the Organization and are recorded at their fair value as contributions and expenses in the statement of activities in the period the service is provided.

### *Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)*

#### **Revenue Recognition**

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give – that is, those with a measurable performance obligation or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable governmental and private contracts and grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Revenues from programs are recognized at the time the service is provided. Revenue received for programs ahead of the time the service is provided are reported as deferred revenue in the statement of financial position. Revenues from rental income and other charges to residents are recognized in the month earned.

#### **Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Organization evaluates tax positions taken on its federal Exempt Organization Business Income Tax Returns in accordance with accounting principles generally accepted in the United States of America, which require that tax positions taken be more-likely-than-not to be sustained. Management believes that the Organization has no significant unrecognized tax benefits under that criteria. Penalties and interest, if any, assessed by income taxing authorities are included in operating expenses. The Organization federal Exempt Organization Business Income Tax Returns are generally subject to examination by taxing authorities for three years after they were filed.

#### **Subsequent Events**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 1, 2020, which is the date the financial statements were available to be issued.

#### **Functional Expense Allocation**

Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. All expenses are allocated by direct invoices and program related expenses.

## NOTES TO FINANCIAL STATEMENTS

### COMMUNITY REBUILDERS

For the years ended December 31, 2019 and 2018

#### **Note B – Liquidity and Availability**

The following represents the Organization’s financial assets at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 4,539,203	\$ 5,344,624
Accounts receivable, net	<u>661,021</u>	<u>575,437</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,200,224</u>	<u>\$ 5,920,061</u>

Community Rebuilders regularly monitors the availability of resources to meet operating needs and other contractual commitments. The majority of the Organization’s funds are received through direct reimbursement grants from the federal government and other funding sources; these funds are accessible as needed through reimbursement request and draws, with funds being available within a 24– 48 hour period. To accompany grant funds, the Organization regularly receives general contributions along with the utilization of its own rental program that is used to supplement grant funds. In addition, all other receivables from funding sources and program participants are n/30.

#### **Note C – Retirement Plan**

During the year ended December 31, 2018 the Organization provided a simplified employee pension plan for all eligible employees. On February 1, 2019 the Organization switched to a 403(b) plan. Under both plans, the Organization’s retirement plan contribution is equal to 3% of an eligible employee’s salary. Total retirement plan expense was \$59,806 and \$48,942 in 2019 and 2018, respectively.

#### **Note D – Line of Credit**

The Organization had a \$250,000 line of credit with a bank. The outstanding balance on the line of credit was \$125,000 for the year ended December 31, 2018. There was no balance outstanding as of December 31, 2019 and the Organization did not renew the line of credit.

#### **Note E – Operating Leases**

During 2015, the Organization renewed their agreement to lease office space. The building lease is a five year operating lease and requires monthly payments of \$3,967. The terms of the lease require the base rent to be adjusted on the first day of each subsequent 12-month period by the lesser of the percentage change in the Consumer Price Index or 3%. This lease expires in December 2020.

During 2015, the Organization renewed their agreement to lease additional office space. The lease is an operating lease which may be terminated at the end of any calendar year by giving 60 days prior written notice and requires monthly payments of \$1,253.



## NOTES TO FINANCIAL STATEMENTS

### COMMUNITY REBUILDERS

For the years ended December 31, 2019 and 2018

#### **Note E – Operating Leases (Continued)**

During 2017, the Organization entered into an agreement to lease space from a church to use for housing clients. The lease is an operating lease which may be terminated at any time by giving 60 days prior written notice and requires monthly payments of \$1,250. The terms of the lease require the base rent to be adjusted on the first day of each subsequent 12-month period by the lesser of the percentage change in the Consumer Price Index or 3%. This lease expires in October 2022.

In November 2018, the Organization started a new copier lease that requires monthly payments of \$791 and expires in November 2023. In January of 2019, the Organization signed an additional operating lease requiring monthly payments of \$904 due to expire in January 2024.

The future minimum lease obligations in effect at December 31, 2019 are as follows:

December 31, 2020	\$	99,305
2021		35,347
2022		32,847
2023		19,556

Total lease expense was \$90,076 and \$88,185 for the years ended December 31, 2019 and 2018, respectively.

#### **Note F – Long Term Debt**

On December 31, 2018 the Organization had a note payable to a bank of \$292,596, collateralized by a real estate mortgage, due in monthly installments of \$4,000 including interest at 5.70% per annum, with a final balloon payment due in October 2023. During the year ended December 31, 2019, the Organization paid off this loan and had no outstanding long term debt at the end of the year.

#### **Note G – Contingencies**

In the normal course of its activities, the Organization is a party to various legal actions and is subject to certain asserted and un-asserted claims and assessments. The actual costs to the Organization, if any, in the event of an unfavorable outcome, and net of any applicable insurance recoveries, cannot be reasonably estimated at this time. Therefore, no liability has been recorded in the accompanying statement of financial position.

#### **Note H – Net Assets with Donor Restrictions**

Net assets with donor restrictions are available for the following purposes:

	<b>2019</b>	<b>2018</b>
GRCF - After Hub Program	\$ -	\$ 227,429
Veteran programs	22,826	26,958
Total	<u>\$ 22,826</u>	<u>\$ 254,387</u>

## NOTES TO FINANCIAL STATEMENTS

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### COMMUNITY REBUILDERS

For the years ended December 31, 2019 and 2018 and 2018

#### ***Note I – Donated Goods and Services***

The Organization received gifts in-kind, such as materials, supplies, and services, from private donors and corporate entities. Gifts in-kind are recorded as revenue and inventory or program expense at the fair market value at the time the donations are received. The value of in kind received were \$219,614 and \$142,247 for the years ended December 31, 2019 and 2018 and 2018, respectively.

#### ***Note J – Subsequent Events***

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and vents that affect the financial statements. Subsequent events have been evaluated through December 1, 2020, which is the date the financial statements were available to be issued.

On January 30, 2020 the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, and operations. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the fiscal year December 31, 2020.

On April 14, 2020, the Organization received loan proceeds in the amount of \$500,617 under the Paycheck Protection Program (PPP). The PPP was established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and provides for loans to qualifying businesses for amounts up to 2.5 times the average amount of qualified payroll expenses. The loans are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and the borrower maintains their employment levels. The Organization intends to use the proceeds for purposes consistent with the PPP requirements.

#### ***Note K – New Accounting Pronouncement***

The Association has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and the understandability of the Organization's financial reporting.