

REBUILDING TOGETHER - TWIN CITIES

FINANCIAL STATEMENTS

For the Years Ended June 30, 2014 and 2013

REBUILDING TOGETHER - TWIN CITIES

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rebuilding Together - Twin Cities
St. Paul, Minnesota

I have audited the accompanying financial statements of Rebuilding Together - Twin Cities, a nonprofit organization, which comprise the statement of financial position as of June 30, 2014 and 2013, and the related statements of activity, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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. (Continued)

INDEPENDENT AUDITOR'S REPORT, continued

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rebuilding Together - Twin Cities as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Sherry D. Heffernan, Ltd.

December 29, 2014

**Rebuilding Together - Twin Cities
Statements of Financial Position
June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 35,671	\$ 59,996
Promises to give	40,367	73,429
Investments	60,925	64,882
Prepaid expenses	10,267	14,601
Property held for sale	285,765	200,645
Equipment and leasehold improvements, net	835	1,496
TOTAL ASSETS	<u>\$ 433,830</u>	<u>\$ 415,049</u>
LIABILITIES		
Line of credit	\$ 9,000	\$ -
Accounts payable	48,519	47,640
Accrued expenses	16,908	21,162
Deferred revenue	6,742	-
TOTAL LIABILITIES	<u>81,169</u>	<u>68,802</u>
NET ASSETS		
Unrestricted	4,049	58,354
Temporarily restricted	348,612	287,893
TOTAL NET ASSETS	<u>352,661</u>	<u>346,247</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 433,830</u>	<u>\$ 415,049</u>

See accompanying notes and accountant's report.

**Rebuilding Together - Twin Cities
Statements of Activities
Years Ended June 30, 2014 and 2013**

	<u>June 30, 2014</u>			<u>June 30, 2013</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
UNRESTRICTED NET ASSETS						
Unrestricted Revenues						
Donated services and materials	\$ 23,308	\$ -	\$ 23,308	\$ 85,940	\$ -	\$ 85,940
Donated property held for sale	-	199,800	199,800	-	169,631	169,631
Contributions	57,906	204,904	262,810	131,030	140,750	271,780
Contributions from affiliate	-	21,500	21,500	-	97,260	97,260
Program services	7,271	-	7,271	-	-	-
Gain (loss) on sale of donated property held for sale	16,923	-	16,923	(391)	-	(391)
Lease buy-out	-	-	-	50,000	-	50,000
Interest income and miscellaneous	1,364	3,283	4,647	3,771	3,770	7,541
Special event revenue	53,674	19,825	73,499	41,394	-	41,394
Less: Cost of direct benefits to donors	(7,559)	-	(7,559)	(10,862)	-	(10,862)
	<u>46,115</u>	<u>19,825</u>	<u>65,940</u>	<u>30,532</u>	<u>-</u>	<u>30,532</u>
TOTAL REVENUES	152,887	449,312	602,199	301,273	411,411	712,293
Net assets released from restrictions						
Restrictions satisfied by purpose and time	<u>388,593</u>	<u>(388,593)</u>	<u>-</u>	<u>496,597</u>	<u>(496,597)</u>	<u>-</u>
TOTAL REVENUES AND OTHER SUPPORT	541,480	60,719	602,199	797,870	(85,186)	712,293
EXPENSES						
Program services	410,699	-	410,699	610,258	-	610,258
Management and general	95,920	-	95,920	105,464	-	105,464
Fundraising	<u>89,166</u>	<u>-</u>	<u>89,166</u>	<u>61,478</u>	<u>-</u>	<u>61,478</u>
TOTAL EXPENSES	<u>595,785</u>	<u>-</u>	<u>595,785</u>	<u>777,200</u>	<u>-</u>	<u>777,200</u>
INCREASE (DECREASE) IN NET ASSETS	(54,305)	60,719	6,414	20,670	(85,186)	(64,907)
NET ASSETS AT BEGINNING OF YEAR	<u>58,745</u>	<u>287,893</u>	<u>346,638</u>	<u>38,075</u>	<u>373,079</u>	<u>411,154</u>
NET ASSETS AT END OF YEAR	<u>\$ 4,440</u>	<u>\$ 348,612</u>	<u>\$ 353,052</u>	<u>\$ 58,745</u>	<u>\$ 287,893</u>	<u>\$ 346,247</u>

See accompanying notes and accountant's report.

**Rebuilding Together Twin Cities
Statements of Cash Flows
Years Ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 6,414	\$ (64,907)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation	661	1,577
Loss on disposition of leasehold improvements	-	2,152
(Gain) loss on sale of donated property held for sale	(16,923)	319
(Increase) decrease in:		
Promises to give	33,062	153,046
Prepaid expenses	4,334	(7,246)
Increase (decrease):		
Accounts payable	879	22,316
Accrued expenses	(4,254)	847
Deferred revenue	6,742	-
Restricted bond interest income	(3,283)	(3,770)
Donated property held for sale	(199,800)	(169,631)
NET CASH (USED) BY OPERATING ACTIVITIES	<u>(172,168)</u>	<u>(65,297)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments, net	(5,043)	-
Expenditures capitalized on property held for sale	(56,017)	(31,015)
Proceeds from sale of donated property held for sale, net	187,620	109,858
Purchase of equipment	-	(1,317)
Maturities of principal on revenue bond	9,000	6,000
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>135,560</u>	<u>83,526</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted bond interest income	3,283	3,770
Proceeds from short-term debt	35,572	-
Payments of short-term debt	(26,572)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>12,283</u>	<u>3,770</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(24,325)	21,999
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>59,996</u>	<u>37,997</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>35,671</u></u>	<u><u>59,996</u></u>

See accompanying notes and accountant's report.

**Rebuilding Together Twin Cities
Statement of Functional Expenses
Year Ended June 30, 2014**

	<u>Programs</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total All Services</u>
Salaries, taxes and benefits	\$ 160,356	\$ 18,254	\$ 40,984	\$ 219,594
Contracted services	35,120	-	-	35,120
Project expenses:				
Donated services and materials	8,014	-	-	8,014
Construction contractors	22,993	-	-	22,993
Construction materials and supplies	96,909	-	-	96,909
Volunteer support	8,816	-	-	8,816
Total project expenses	136,732	-	-	136,732
Professional fees	-	51,403	20,508	71,911
Marketing and advertising	10,124	1,410	3,017	14,551
Conferences and meetings	1,818	1,567	486	3,871
Dues and subscriptions	7,872	1,155	3,340	12,367
Equipment leases and maintenance	6,636	1,629	1,745	10,010
Insurance	8,057	976	1,019	10,052
Office expenses	2,512	2,023	4,426	8,961
Occupancy expenses	26,476	3,414	7,510	37,400
Staff development and training	705	936	-	1,641
Telephone	3,189	382	841	4,412
Travel	10,161	1,826	2,095	14,082
Website development/technology	-	-	-	-
Bad debts	-	3,888	-	3,888
Interest	-	953	-	953
Miscellaneous	491	6,039	3,049	9,579
Depreciation	450	65	146	661
Total expenses	<u>\$ 410,699</u>	<u>\$ 95,920</u>	<u>\$ 89,166</u>	<u>\$ 595,785</u>
	<u>69%</u>	<u>16%</u>	<u>15%</u>	<u>100%</u>

See accompanying notes and accountant's report.

**Rebuilding Together Twin Cities
Statement of Functional Expenses
Year Ended June 30, 2013**

	<u>Programs</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total All Services</u>
Salaries, taxes and benefits	\$ 200,021	\$ 34,071	\$ 34,473	\$ 268,565
Contracted services	36,210	1,325	10,456	47,991
Project expenses:				
Donated services and materials	60,651	-	-	60,651
Construction contractors	61,817	-	-	61,817
Construction materials and supplies	119,175	-	-	119,175
Volunteer support	23,943	-	-	23,943
Total project expenses	265,586	-	-	265,586
Professional fees	7,500	31,474	7,000	45,974
Advertising and marketing	16,089	-	-	16,089
Conferences and meetings	2,578	2,962	391	5,931
Dues	9,545	-	-	9,545
Equipment leases and rentals	7,368	1,238	1,258	9,864
Insurance	10,906	1,306	538	12,750
Office expenses	4,414	741	754	5,909
Occupancy expenses	25,906	4,351	4,425	34,682
Staff development and training	7,456	-	-	7,456
Telephone	2,218	373	379	2,970
Travel	8,576	3,076	599	12,251
Website development/technology	3,795	637	648	5,080
Office move	-	16,922	-	16,922
Miscellaneous	912	6,790	356	8,058
Depreciation	1,178	198	201	1,577
Total expenses	<u>\$ 610,258</u>	<u>\$ 105,464</u>	<u>\$ 61,478</u>	<u>\$ 777,200</u>
	<u>79%</u>	<u>14%</u>	<u>8%</u>	<u>100%</u>

See accompanying notes and accountant's report.

REBUILDING TOGETHER - TWIN CITIES
Notes to Financial Statements
June 30, 2014 and 2013

1) Summary of Significant Accounting Policies

Organizational Purpose

Rebuilding Together Twin Cities (hereinafter referred to as RTTC) was incorporated in 1997. Its mission is to bring volunteers and communities together to improve the homes and lives of low-income homeowners. When qualified homeowners are not capable of making needed repairs, RTTC will coordinate the volunteers, skilled labor, tools and supplies necessary to repair the homes. RTTC also works to rehabilitate properties that house qualifying nonprofit organizations serving our community. They focus their efforts on older adults, individuals living with disabilities, active and retired members of the armed services, and families with children, tailoring services to meet the needs of each individual homeowner.

RTTC works year round to preserve affordable homeownership, build healthy neighborhoods and ensure that homeowners in need can live independently in safe and healthy homes. Its programs are organized around three primary focus areas – Accessibility, Repair and Community.

Accessibility Services:

- Safe at Home Program provides safety and fall prevention modifications for low-income homeowners who are older adults or are living with a disability. Often these homeowners are faced with the prospect of losing their independence as the result of needing home safety or fall prevention modifications that they cannot afford.
- Ramp Program designs, builds and installs wheelchair ramps and elongated stairs for homeowners in need who are older adults or individuals living with a disability.
- Accessibility Modifications Program (AMP) provides contractor-delivered larger environmental home modifications to promote aging-in-place and single-level-living. These modifications include widening doorways and renovating bathrooms and/or kitchens for accessibility.

Repair Services:

- Home Repair Program provides volunteer-delivered repairs, including weatherizing, cleaning, installing flooring, patching and painting, siding, landscaping and almost anything that restores the homeowners' independence, safety and security.
- Critical Repair Program is designed to help low-income homeowners repair or replace vital systems associated with their home, such as HVAC, electrical, plumbing, outer envelope, and/or roof systems. These contractor-based services enable homeowners in need to be better prepared to deal with future home maintenance issues.

REBUILDING TOGETHER - TWIN CITIES
Notes to Financial Statements, continued

1) Summary of Significant Accounting Policies, continued

Organizational Purpose, continued

Community Services:

- Nonprofit Facility/Community Beautification provides safe and welcoming spaces for communities to gather through renovation and beautification work for community centers, schools, supportive housing facilities and outdoor community spaces.

Real Estate Owned (REO) transforms donated vacant foreclosed homes into safe, healthy and affordable housing for qualified homeowners. Once rehabilitated, these homes are made available for purchase to individuals and families who earn less than 120% of the area median income. Proceeds from the sale of these homes are invested back into Rebuilding Together programs.

Basis of Accounting and Presentation

The financial statements of RTTC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivable, payables and other liabilities. RTTC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets represent the portion of expendable funds that are available for support of RTTC's operations. Temporarily restricted net assets represent funds restricted by donors for various programs or periods.

Cash and Cash Equivalents

RTTC considers all checking and savings accounts and unrestricted highly liquid investments purchased with an original maturity of three months or less to be cash and cash equivalents.

Concentrations of Credit Risk Due to Temporary Cash Investments and Promises to Give Receivable

Financial instruments that potentially subject RTTC to concentrations of credit risk consist principally of temporary cash investments and unconditional promises to give. RTTC places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to promises receivable are limited due to the financial stability of the contributors. Promises to give include amounts from two donors comprising 37% of the balance at June 30, 2014 and from three donors comprising 48% of the balance at June 30, 2013.

REBUILDING TOGETHER - TWIN CITIES
Notes to Financial Statements, continued

1) Summary of Significant Accounting Policies, continued

Concentration of Contributions

RTTC received approximately 45% of its unrestricted and temporarily restricted contributions from two donors in 2014 and approximately 44% of its unrestricted and temporarily restricted contributions from two donors in 2013.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received.

Investments

Investments are comprised of a money market account and an economic development revenue bond issued by the city of Minneapolis. These investments are recorded in the financial statements at fair value.

Fair Value Measurements

RTTC determined the fair value of certain assets and liabilities in accordance with the provisions of Accounting Standards Codification (ASC) "Fair Value Measurements and Disclosures," which provides a framework for measuring fair value under generally accepted accounting principles.

The ASC defines fair value as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The ASC requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs and also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Equipment and Leasehold Improvements

All acquisitions of equipment and leasehold improvements in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Equipment and leasehold improvements are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives varying from four to seven years.

REBUILDING TOGETHER - TWIN CITIES
Notes to Financial Statements, continued

1) Summary of Significant Accounting Policies, continued

Property Held for Sale

Property held for sale consists of single-family dwellings that were donated by banks and are recorded at fair value. The properties will be repaired and sold specifically to a low to moderate-income family for owner-occupancy. The organization capitalizes costs incurred to bring the property to a selling point.

The organizations' policy is to sell the properties as promptly as possible, however, it may hold some properties at year-end and these properties are reported as inventory. Inventory is valued at the lower of cost or market (cost is determined as fair value at the date of gift plus any costs incurred.)

Contributed Assets

Contributed marketable securities, property held for resale and other noncash donations are recorded at their estimated fair values at the date of donation. Contributions of property held for resale are recorded as restricted support.

Contributed Services and Materials

Contributed services are recognized as contributions if the 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. Contributed facilities and materials are recognized as revenue and expense in the accompanying statement of activities at their estimated fair value as provided by the donor at the date of receipt.

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The organization records contributions as temporarily restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

The organization has cost-reimbursable grants and contracts with government agencies. Revenue from these grants is recognized as costs are incurred. Payments received, but not yet expended, for the purpose of the grant are reflected as deferred revenue in the accompanying statement of financial position.

Pass-Through Contributions from Affiliate

RTTC's affiliate, Rebuilding Together, Inc., receives certain contributions on behalf of its local chapters that are designated for specified local chapters by donors. RTTC received pass-through contributions from its affiliate of \$21,500 in 2014 and \$97,260 in 2013.

REBUILDING TOGETHER - TWIN CITIES
Notes to Financial Statements, continued

1) Summary of Significant Accounting Policies, continued

Estimates

Management uses estimates and assumptions in preparing financial statements. 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.

Functional Expense Allocation

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

Income Taxes

RTTC has a tax exempt status under Code Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. It is classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and charitable contributions by donors are tax deductible.

2) Promises to Give

Unconditional promises to give of \$40,367 and \$73,429 at June 30, 2014 and 2013, respectively, are receivable in less than one year. Uncollectible promises are expected to be insignificant

3) Investments

Investments consisted of the following at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Economic development revenue bond	\$ 48,000	\$ 57,000
Money market accounts	<u>12,925</u>	<u>7,882</u>
	<u>\$ 60,925</u>	<u>\$ 64,882</u>

The values of these investments are approximately based on Level 1 quoted prices in active markets.

The economic development revenue bond was issued by the city of Minneapolis, Minnesota on December 4, 1997, and donated to the organization in 2004. Interest income is receivable from the bond on June 1 and December 1 of each year at an interest rate of 6.5%. The bond matures December 1, 2017 however there was an early maturity payout of \$9,000 in 2014 and \$6,000 in 2013.

The bond and income earned from the bond have been restricted to be used only on rehabilitation projects.

REBUILDING TOGETHER - TWIN CITIES
Notes to Financial Statements, continued

4) Property Held for Sale

In 2014 and 2013 RTTC received donations of single-family homes from local banks, with the stipulation that the property be repaired and sold specifically to a low-to moderate-income family for owner-occupancy. In 2014 RTTC received three buildings with estimated contributed values at \$199,800 and in 2013 received two buildings with an estimated value of \$169,631. RTTC also spent \$56,017 in 2014 and \$31,015 in 2013 to repair/rehabilitate the properties and those amounts were added to the value of the properties. The properties have been recorded at their estimated net realizable value.

In 2014 two of the properties were sold for \$187,620 (net of closing costs) with a net gain of \$16,923 recognized on the sale and in 2013 one of the properties was sold for \$109,858 (net of closing costs) with a net loss of \$391 recognized on the sale.

5) Equipment and Leasehold Improvements

Equipment consists of the following at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Equipment and furnishings	\$ 2,743	\$ 2,743
Vehicle	<u>2,500</u>	<u>2,500</u>
	5,243	5,243
Less accumulated depreciation	<u>4,408</u>	<u>3,747</u>
	<u>\$ 835</u>	<u>\$ 1,496</u>

Depreciation of \$661 and \$1,577 was recorded in 2014 and 2013, respectively.

6) Line of Credit

RTTC has a \$48,000 revolving line of credit, of which \$39,000 was unused at June 30, 2014. Bank advances on the credit line are payable on demand and the interest rate in 2014 was 3.25%. The credit line is secured by the economic development revenue bond (footnote 3) and the authorized line decreases as payments are received on the bond. The line of credit expires February 2015.

7) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Economic development revenue bond	\$ 48,000	\$ 57,000
Restricted for project overages and for future year projects	63,217	39,749
Donated buildings held for sale	234,617	169,631
Capital pledges	<u>2,778</u>	<u>21,513</u>
	<u>\$ 348,612</u>	<u>\$ 287,893</u>

REBUILDING TOGETHER - TWIN CITIES
Notes to Financial Statements, continued

7) Temporarily Restricted Net Assets, continued

Cash of approximately \$63,200 and \$14,750 was restricted for future year programs and operations at June 30, 2014 and 2013, respectively. A temporary deficit of approximately \$27,500 in the unrestricted cash balance at June 30, 2014 was restored in July 2014.

8) Contributed Services and Materials

The value of contributed services and materials included as contributions in the financial statements and the corresponding expenses for the years ended June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Legal and other professional services	\$ 15,883	\$ 21,081
Contractor services	-	38,089
Materials	<u>7,425</u>	<u>26,770</u>
	<u>\$ 23,308</u>	<u>\$ 85,940</u>

In addition, numerous individuals volunteer their time and perform a variety of program and fundraising services. Although no amounts have been reflected in the financial statements, management estimates the number of hours and the fair value of those services to be approximately as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Hours</u>	<u>Value</u>	<u>Hours</u>	<u>Value</u>
Skilled volunteers	56	\$ 3,360	114	\$ 6,840
Unskilled volunteers	<u>5,911</u>	<u>143,696</u>	<u>11,040</u>	<u>241,886</u>
Total	<u>5,967</u>	<u>\$147,056</u>	<u>11,154</u>	<u>\$248,726</u>

The value of labor per hour is based on research provided by the Independent Sector, www.independentsector.org.

9) Leases

In 2012 RTTC was notified that the building they leased would be demolished. In connection with this event, the landlord and developer gave \$50,000 to the organization to aid with relocation costs.

The organization currently leases its office and warehouse space under a noncancelable operating lease which expires November 30, 2016. Monthly rent expense was \$1,700 through March 31, 2013 and then was \$3,400 per month. Total rent expense was \$37,400 in 2014 and \$33,275 in 2013.

Under the terms of this lease, RTTC is also responsible for the maintenance, repair and replacement of heating and air conditioning fixtures and all other fixtures and leasehold improvements.

REBUILDING TOGETHER - TWIN CITIES
Notes to Financial Statements, continued

9) Leases, continued

Future minimum lease payments under this lease are as follows:

Year Ended June 30,	
2015	\$ 42,900
2016	44,400
2017	<u>18,500</u>
	<u>\$ 105,800</u>

10) Income Taxes

The organization has evaluated its potential exposure for uncertain tax positions and management has expressed there are no uncertain tax positions as of June 30, 2014. Tax returns for the past three tax years remain open for examination by tax jurisdictions.

11) Subsequent Events

The organization has evaluated subsequent events through December 29, 2014, the date the financial statements were available to be issued. RTTC is not aware of any subsequent events that require recognition or disclosure in the financial statements.

12) State Grant Restrictions

Financial awards from state entities in the form of grants are subject to special audit. Such audits could result in claims against the organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any cannot be determined at this date.

