Financial Statements

Rebuilding Together Twin Cities

Minneapolis, Minnesota

For the Years Ended
December 31, 2017 and 2016

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

Rebuilding Together - Twin Cities
Table of Contents
For the Years Ended December 31, 2017 and 2016

	Page No.
Independent Auditor's Report	3
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	8
Statements of Cash Flows	10
Notes to Financial Statements	11

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rebuilding Together - Twin Cities
Minneapolis, Minnesota

We have audited the accompanying financial statements of Rebuilding Together - Twin Cities (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and 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 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 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 Rebuilding Together - Twin Cities as of December 31, 2017 and 2016, 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.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
May 21, 2018

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FINANCIAL STATEMENTS

Rebuilding Together - Twin Cities

Statements of Financial Position

December 31, 2017 and 2016

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	$ 84,364	$ 82,467
Contributions and grants receivable	35,500	20,463
Pledges receivable	12,355	10,970
Prepaid expenses	27,652	21,224
Inventory	2,320	2,044
Investments	8,000	18,000
Properties held for sale	44,587	44,587
Total Current Assets	214,778	199,755
Property and Equipment		
Leasehold Improvements	4,676	-
Furniture and equipment	139,234	81,711
Computer equipment	3,499	3,499
Total Property and Equipment, Cost	147,409	85,210
Accumulated Depreciation	(30,757)	(17,991)
Total Property and Equipment, Net	116,652	67,219
Noncurrent Assets		
Security deposit	3,400	3,400
Total Assets	$ 334,830	$ 270,374
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 52,789	$ 12,649
Accrued expense	19,124	21,536
Deferred revenue	23,697	10,486
Line of credit	-	11,000
Note payable	-	80,000
Total Liabilities	95,610	135,671
Net Assets		
Net assets without donor restrictions	153,177	53,747
Net assets with donor restrictions	86,043	80,956
Total Net Assets	239,220	134,703
Total Liabilities and Net Assets	$ 334,830	$ 270,374

See Independent Auditor's Report and Notes to Financial Statements.

Rebuilding Together - Twin Cities

Statement of Activities

For the Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Pledges and contributions	$ 124,318	$ 574,039	$ 698,357
Donated services and materials	94,864	-	94,864
Total Support	219,182	574,039	793,221
Revenue			
Program services	106,633	-	106,633
Special events, net of expenses of $84,827	88,634	-	88,634
Loss on sale of equipment	(550)	-	(550)
Interest income	629	-	629
Other revenue	1,955	-	1,955
Total Revenue	197,301	-	197,301
Net Assets Released from Restriction			
Satisfaction of program restrictions	568,952	(568,952)	-
Total Support and Revenue	985,435	5,087	990,522
Expenses			
Program services	658,391	-	658,391
Support services			
Management and general	99,777	-	99,777
Fundraising	127,837	-	127,837
Total Support Services	227,614	-	227,614
Total Expenses	886,005	-	886,005
Change in Net Assets	99,430	5,087	104,517
Net Assets, Beginning of Year	53,747	80,956	134,703
Net Assets, End of Year	$ 153,177	$ 86,043	$ 239,220

See Independent Auditor's Report and Notes to Financial Statements.

Rebuilding Together - Twin Cities
Statement of Activities
For the Year Ended December 31, 2016

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Pledges and contributions	$ 495	$ 349,271	$ 349,766
Donated services and materials	55,572	-	55,572
Total Support	56,067	349,271	405,338
Revenue			
Program services	116,579	-	116,579
Special events, net of expenses of $32,015	108,393	-	108,393
Loss on sale of equipment	-	-	-
Interest income	1,365	-	1,365
Other revenue	345	-	345
Total Revenue	226,682	-	226,682
Net Assets Released from Restriction			
Satisfaction of program restrictions	357,988	(357,988)	-
Total Support and Revenue	640,737	(8,717)	632,020
Expenses			
Program services	552,740	-	552,740
Support services			
Management and general	96,401	-	96,401
Fundraising	105,662	-	105,662
Total Support Services	202,063	-	202,063
Total Expenses	754,803	-	754,803
Change in Net Assets	(114,066)	(8,717)	(122,783)
Net Assets, Beginning of Year	167,813	89,673	257,486
Net Assets, End of Year	$ 53,747	$ 80,956	$ 134,703

See Independent Auditor's Report and Notes to Financial Statements.

Rebuilding Together - Twin Cities
Statement of Functional Expenses
For the Year Ended December 31, 2017

		Support Services			
	Program Services	Management and General	Fundraising	Total Support Services	Total
Personnel Costs					
Salaries and wages	$ 191,073	$ 34,144	$ 60,570	$ 94,714	$ 285,787
Employee benefits	12,436	2,133	1,970	4,103	16,539
Payroll taxes	18,653	3,233	2,984	6,217	24,870
Total Personnel Costs	222,162	39,510	65,524	105,034	327,196
Project Expenses					
Donated services and materials	7,355	-	-	-	7,355
Contractors	104,615	-	-	-	104,615
Construction materials and supplies	113,672	-	-	-	113,672
Volunteer support	6,424	-	-	-	6,424
Total Project Expenses	232,066	-	-	-	232,066
Expenses					
Bad debt	-	-	1,020	1,020	1,020
Conferences	1,429	234	216	450	1,879
Dues and subscriptions	12,305	2,133	2,028	4,161	16,466
Equipment and software	6,586	1,025	946	1,971	8,557
Insurance	6,114	1,352	554	1,906	8,020
Interest	-	5,099	-	5,099	5,099
Marketing	19,568	3,392	3,131	6,523	26,091
Training	1,167	303	117	420	1,587
Travel	6,737	2,538	1,033	3,571	10,308
Office	3,540	1,828	814	2,642	6,182
Occupancy	38,938	2,893	2,669	5,562	44,500
Americorps members	37,728	2,865	2,645	5,510	43,238
Professional fees	42,393	31,471	24,913	56,384	98,777
REO costs	1,164	-	-	-	1,164
Indirect event expenses	-	-	9,186	9,186	9,186
Miscellaneous	7,393	4,252	12,227	16,479	23,872
Telephone and internet	4,107	712	657	1,369	5,476
Expenses Before Depreciation	643,397	99,607	127,680	227,287	870,684
Depreciation	14,994	170	157	327	15,321
Total Expenses	$ 658,391	$ 99,777	$ 127,837	$ 227,614	$ 886,005

See Independent Auditor's Report and Notes to Financial Statements.

Rebuilding Together - Twin Cities

Statement of Functional Expenses
For the Year Ended December 31, 2016

	Program Services	Support Services: Management and General	Support Services: Fundraising	Support Services: Total Support Services	Total
Personnel Costs					
Salaries and wages	$ 180,014	$ 35,860	$ 38,308	$ 74,168	$ 254,182
Employee benefits	13,813	2,987	1,866	4,853	18,666
Payroll taxes	15,390	3,328	2,080	5,408	20,798
Total Personnel Costs	209,217	42,175	42,254	84,429	293,646
Project Expenses					
Donated services and materials	11,678	-	-	-	11,678
Contractors	60,580	-	-	-	60,580
Construction materials and supplies	79,690	-	-	-	79,690
Volunteer support	10,456	480	300	780	11,236
Total Project Expenses	162,404	480	300	780	163,184
Expenses					
Bad debt	250	1,000	575	1,575	1,825
Conferences	156	51	32	83	239
Dues and subscriptions	9,960	2,367	1,464	3,831	13,791
Equipment and software	7,397	1,673	1,002	2,675	10,072
Insurance	11,132	2,638	1,177	3,815	14,947
Interest	-	3,352	-	3,352	3,352
Marketing	19,463	3,714	2,322	6,036	25,499
Training	1,004	187	-	187	1,191
Travel	7,384	1,007	899	1,906	9,290
Office	3,313	573	4,462	5,035	8,348
Occupancy	32,856	7,104	4,440	11,544	44,400
Americorps members	26,286	-	-	-	26,286
Professional fees	37,480	24,961	22,958	47,919	85,399
REO costs	1,066	-	-	-	1,066
Indirect event expenses	-	-	22,907	22,907	22,907
Miscellaneous	11,869	3,963	-	3,963	15,832
Telephone and internet	3,997	864	687	1,551	5,548
Expenses Before Depreciation	545,234	96,109	105,479	201,588	746,822
Depreciation	7,506	292	183	475	7,981
Total Expenses	$ 552,740	$ 96,401	$ 105,662	$ 202,063	$ 754,803

See Independent Auditor's Report and Notes to Financial Statements.

Rebuilding Together - Twin Cities

Statements of Cash Flow

For the Year Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	$ 104,517	$ (122,783)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	15,321	7,981
Loss on disposal of property and equipment	550	-
Repurposed property and equipment	-	2,146
Change in operating assets		
Contributions and grants receivable	(15,037)	(9,958)
Contracts receivable	-	38,946
Pledges receivable	(1,385)	(4,987)
Prepaid expenses	(6,428)	5,684
Inventory	(276)	8,177
Expenditures capitalized on property held for sale	(550)	(10)
Change in operating liabilities		
Accounts payable	40,140	(37,700)
Accrued payroll	(2,412)	(766)
Deferred revenue	13,211	(12,775)
Net Cash Provided (Used) by Operating Activities	147,651	(126,045)
Cash Flows from Investing Activities		
Maturities of investments	10,000	10,000
Purchases of property and equipment	(64,754)	(44,264)
Net Cash Used by Investing Activities	(54,754)	(34,264)
Cash Flows from Financing Activities		
Payments on note payable	(80,000)	-
Proceeds from note payable	-	80,000
Payments on line of credit	(11,000)	(8,347)
Proceeds from line of credit	-	11,000
Net Cash Provided (Used) by Financing Activities	(91,000)	82,653
Change in Cash and Cash Equivalents	1,897	(77,656)
Cash and Cash Equivalents at Beginning of Year	82,467	160,123
Cash and Cash Equivalents at End of Year	$ 84,364	$ 82,467
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 5,099	$ 3,352
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Disposal of property and equipment	$ 2,555	$ 5,075
Supplemental Disclosure of Non-Cash Transactions		
Receipt of donated facilities and services through in-kind contributions	$ 94,864	$ 55,572

See Independent Auditor's Report and Notes to Financial Statements.

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

Rebuilding Together - Twin Cities, a Minnesota nonprofit organization (hereinafter referred to as RTTC) was incorporated in 1997. RTTC transforms the lives of low-income homeowners by improving the safety and health of their homes and revitalizing our communities. 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 volunteer-delivered safety, fall prevention and entrance access modifications for older adults or those living with a disability so that they can continue to live in safety and independence in their own homes.

- Access for Always Program provides larger, contractor-delivered environmental home modifications such as doorway widening and kitchen or bathroom renovations to enable aging-in-place and single-level living.

Livability Services:

- Home Repair Program creates healthier, more livable homes by providing volunteer-delivered repairs including weatherizing, cleaning, installing flooring, patching and painting, landscaping, and almost anything that restores the homeowners' independence, safety and security.

- Essential Systems Repair Program provides timely contractor-delivered repair or replacement of essential systems such as HVAC, electrical, plumbing, outer envelope and roofs that are critical to healthy, livable homes.

Community Services:

- Community Strong fosters vibrant communities by providing safe and welcoming spaces for communities to gather. Projects include renovation and beautification work for community centers, schools, supportive housing facilities and outdoor community spaces.

RTTC rehabilitated 74 homes in Minneapolis, Saint Paul, Andover, Apple Valley, Brooklyn Center, Brooklyn Park, Cottage Grove, Farmington, Fridley, Maple Grove, Maplewood, Mounds View, Prior Lake, Richfield, and Robbinsdale. RTTC completed 38 Livability Projects and 70 Accessibility Projects at these homes, and completed 16 Community Services projects, providing repairs and improvements to nonprofit facilities located in Minneapolis, Saint Paul, and Rochester. Finally, RTTC completed four small business revitalization projects in Minneapolis, and most of these businesses are minority-owned and are located in economically-challenged neighborhoods. The 74 homes housed a total of 95 residents. The rehab services to the nonprofit facilities and community spaces directly impacted the lives of 2,275 area residents. Projects utilized 783 volunteers contributing 5,803 hours of service to the community at a value of $153,199 worth of labor (based on the Independent Sector's 2016 value of volunteer labor in Minnesota of $26.40 per hour).

In addition, RTTC implemented a Healthy Housing Principles-based approach and are working to incorporate the seven Principles of Healthy Homes into practice (Keep it: dry, clean, ventilated, pest-free, safe, contaminant-free, and maintained). Together with the National Center for Healthy Housing, the Rebuilding Together network has identified 25 Safe and Healthy Home Priorities that can be used to identify the safety and health-related issues at each home and also to measure the improvements related to health and safety resulting from our work.

Note 1: Summary of Significant Accounting Policies (Continued)

A. Nature of Activities (Continued)

RTTC also focused on implementing Rebuilding Together National's Community Revitalization Partnership model. RTTC has a long history of partnering with community organizations to address the comprehensive needs of our clients. RTTC welcomed the opportunity to implement this approach in a more formalized manner by targeting our efforts in a very defined geographic area and deeply engaging residents, other stakeholders and community partners in our work. In 2017, RTTC focused our community revitalization efforts in the Powderhorn neighborhood of South Minneapolis. These efforts culminated in a Community event in October 2017, which engaged nearly 200 volunteers in the completion of six home repair projects, a community garden, improvements to a neighborhood church, and other community-building projects. As part of an NFL-sanctioned event, Rebuilding Together's 23rd Kickoff to Rebuild in February 2018 celebrated the community efforts completed in this neighborhood in 2017.

B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of RTTC and related changes are classified and reported as follows:

<u>Net assets without donor restrictions</u> - Those resources over which the Board of Directors has discretionary control.

<u>Net assets with donor restrictions</u> - Those resources subject to donor imposed restrictions which will be satisfied by actions of RTTC or passage of time or that are to be maintained permanently by RTTC.

RTTC had no permanently restricted net assets as of December 31, 2017 and 2016.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that may affect certain reported amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from these estimates.

D. Cash Equivalents

All highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

E. Accounts Receivables

Accounts receivables are uncollateralized third-party payer obligations. Payments of program receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim. RTTC does not charge interest on its program receivables. Management reviews accounts receivables to determine estimated amounts that will not be collected. There was no allowance for accounts receivable at December 31, 2017 and 2016.

F. Investments and Investment Income

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

G. Property and Equipment

Property and equipment acquisitions are recorded at cost. RTTC's policy is to capitalize items with an estimated useful life in excess of one year and exceeding $1,000. Depreciation is provided over the estimated useful life of each depreciable asset, and is computed on the straight-line method. The estimated useful life of furniture and equipment is 3 to 15 years and computer equipment is 3 years.

Note 1: Summary of Significant Accounting Policies

H. Inventory

RTTC's inventory consists of lawn mowers and snow blowers that will be donated to homeowners.

I. Revenue Recognition

Contributions received are recorded as unrestricted or donor-restricted support depending on the existence and nature of any restrictions. Contributions, including unconditional promises to give, are recorded as made. Unconditional promises to give due in subsequent years are recorded at their net realizable value.

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

In addition, the organization receives government contract commitments which typically mature into cost-reimbursable contracts. These commitments require RTTC to secure homeowner loan mortgages before program work and reimbursements can begin. Because of their contingent nature, contract commitments are not recognized in the financial statements. As of December 31, 2017, RTTC had one commitment from the Minnesota Housing Finance Agency for $142,034, which expires August 2018. RTTC expects this commitment to convert to cost reimbursable contracts in future years at which time it would be recognized in the financial statements.

J. Functional Expenses

Expenses directly attributable to program, administrative, or fundraising objectives are charged to their respective function. Likewise, expenses directly attributable to sub-programs are charged directly to that sub-program within the program function.

Program related expenses which benefit all sub-programs are considered joint program expenses and are allocated among the sub-programs based upon actual time spent as tracked on time sheets.

Salaries, benefits, and other personnel driven expenses not directly identifiable by program or support function are allocated across functions based on job descriptions and actual time spent as tracked on time sheets. Likewise, those operating expenses primarily determined by staff size and time worked are also allocated by actual time spent as tracked on time sheets. Rent and other facility driven expenses not directly identifiable by program or support function are allocated based upon square footage devoted for their purpose.

K. Income Taxes

RTTC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. Accordingly, no provision for income taxes is included in these financial statements. Because RTTC is a public charity, contributions may qualify for tax deductions by the contributors.

Management believes that it is not reasonably possible for any tax position benefits to increase or decrease significantly over the next 12 months. As of December 31, 2017 and 2016, there were no income tax related accrued interest or penalties recognized in either the statement of financial position or the statement of activities.

RTTC files informational returns in the U.S. federal and in the Minnesota state jurisdictions. U.S. federal returns and Minnesota returns prior to fiscal year 2015 are closed. No returns are currently under examination in any tax jurisdiction.

L. Subsequent Events

Management has evaluated subsequent events through May 21, 2018, which is the date the financial statements were available to be issued.

On February 9, 2018, RTTC renewed their note payable as described in Note 5 for the total amount of $80,000.

Note 2: Fair Value Measurements

Fair value measurement accounting literature establishes a fair value hierarchy based on the priority of the inputs to the valuation methodologies used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in an active market that RTTC has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 – Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at December 31, 2017.

Money Market Funds – Valued at $1 per share.

The composition of investments at December 31, 2017 and 2016 is set forth in the following table. Money market investments are stated at fair value.

	Level 1	Total
December 31, 2017:		
Economic development revenue bond	$ 8,000	$ 8,000
December 31, 2016:		
Economic development revenue bond	$ 18,000	$ 18,000

The economic development revenue bond was issued by the City of Minneapolis on December 4, 1997, and donated to RTTC in 2004. Interest income is received from the bond on the first of June and December of each year at an interest rate of 6.5%. The bond matured December 1, 2017.

Interest income on the bond and money market accounts was $618 and $1,332 for the years ended December 31, 2017 and 2016, respectively.

Note 3: Properties Held for Sale

RTTC periodically receives donations of single-family homes from local banks with the stipulation that the properties be repaired and sold specifically to low-to-moderate income families for owner-occupancy. RTTC capitalizes costs incurred to bring the property to a selling point. These properties have been recorded at their estimated net realizable value. During the year ended December 31, 2017 and 2016, RTTC did not receive any donated property held for sale, and there were no gains or losses for the year. A property donated during a prior year and valued at $44,587 remained in inventory as of December 31, 2017 and 2016.

RTTC's 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).

As of December 31, 2017, the one REO property still on hand is being held as collateral, and there are no current plans to repair and prepare for sale.

Note 4: Line of Credit

RTTC had a revolving line of credit with Western Bank. Bank advances on the credit line were payable on demand, and the interest rate in 2017 was 3.5%. The credit line was secured by the economic development revenue bond (Note 2), and the authorized line decreases as payments are received on the bond. The line of credit was renewed on February 19, 2016 effective through March 31, 2017, and reduced the credit limit to $23,000 and matured on March 31, 2017. As of July 18, 2016, new terms on the line of credit reduced the credit limit to $18,000. The principal balance was $0 and $11,000 as of December 31, 2017 and 2016, respectively. The Line of Credit was paid off during March 2017 and expired in December 2017.

Note 5: Note Payable

On September 30, 2016, RTTC secured a promissory note with Propel Nonprofits of $80,000, due in monthly payments of interest only at a rate of 6.5% per annum. The note was secured by a mortgage dated April 1, 2015 on the property of RTTC. The full balance of principal and accrued interest was due on September 30, 2017, but was extended to November 30, 2017. The balance outstanding was $0 and $80,000 as of December 31, 2017 and 2016, respectively.

Note 6: Leases

RTTC currently leases its office and warehouse space under a noncancelable operating lease which expires November 30, 2021. Under the terms of this lease, RTTC is responsible for the maintenance, repair, and replacement of heating fixtures, air conditioning fixtures, and other fixtures and leasehold improvements. Monthly rent expense was $3,700 for 2016, and was the same through November 2017, then increasing $100 per month every twelve months thereafter through November 2021. Total rent expense was $44,500 and $44,400 for the years ending December 31, 2017 and 2016, respectively.

Future minimum lease payments under this lease are as follows:

For the Year Ended December 31,	Amount
2018	$ 45,700
2019	46,900
2020	48,100
2021	45,100
Total	$ 185,800

Note 7: Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2017 and 2016 are as follows:

	2017	2016
Economic development bond	$ 8,000	$ 18,000
Real estate owned projects	41,800	41,800
Miscellaneous projects	36,243	21,156
Total	$ 86,043	$ 80,956

Note 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 year ended December 31, 2017 and 2016 are as follows:

	2017	2016
Legal and other professional services	$ 66,987	$ 11,122
Contractor services	323	5,176
Materials	27,554	39,274
Total	$ 94,864	$ 55,572

The value of contributed goods included as special event revenue in the financial statements and the corresponding expenses for the year ended December 31, 2017 and 2016 were $25,378 and $14,508, respectively.

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:

	2017		2016	
	Hours	Value	Hours	Value
Skilled volunteers	-	$ -	272	$ 16,320
Unskilled volunteers	5,803	153,199	5,637	142,052
Total	5,803	$ 153,199	5,909	$ 158,372

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

Note 9: Liquidity and Availability of Resources

Rebuilding Together Twin Cities' board of directors has approved and monitors a comprehensive set of policies which govern the responsibilities and limitations of executive management. In turn, management routinely monitors liquidity and cash reserves which fund operations and program service delivery in accordance with these board established policies. Additionally, liquidity measures are tracked and provided to the board of directors as part of its regular reporting cycle and to funders as requested.

Liquid financial assets available for general expenditure (that is without donor restriction or organizational designation which limit their use) within one year of the date of the statement of financial position include the following:

- Advancements from the line of credit when liquidity falls below the ability to meet financial obligations due within 30 days.

- Payments to the line of credit occur when liquidity rises above the ability to meet financial obligations due within 60-90 days.

The Organization's liquid financial assets available to meet cash needs for general expenditures within one year are summarized as follows:

Financial assets, at December 31*	$ 140,219
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(86,043)
Financial assets available to meet cash needs for general expenditures within one year	$ 54,176

* Total assets, less nonfinancial assets (e.g., PP&E, inventory, prepaids)