REBUILDING TOGETHER, INC.

FINANCIAL STATEMENTS
AND
OMB CIRCULAR A-133 REPORTS

YEARS ENDED DECEMBER 31, 2014 AND 2013

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Rebuilding Together, Inc.
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of Rebuilding Together, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expense and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Rebuilding Together, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rebuilding Together, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Financial Statements

The 2013 financial statements of Rebuilding Together, Inc. were audited by other auditors whose report dated August 7, 2014, expressed an unmodified opinion on those statements.

Other Information – Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2015, on our consideration of Rebuilding Together, Inc.'s 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 to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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 Rebuilding Together, Inc.'s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
September 28, 2015

REBUILDING TOGETHER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,429,504	$ 459,683
Accounts Receivable	391,468	424,817
Pledges Receivable, Current Portion	2,620,856	2,325,306
Prepaid Expenses	291,623	205,025
Land Held for Sale	200,000	200,000
Total Current Assets	4,933,451	3,614,831
INVESTMENTS	3,458,000	4,365,792
LONG-TERM PLEDGES RECEIVABLE, NET	-	466,823
PROPERTY AND EQUIPMENT, NET	151,454	182,536
Total Assets	$ 8,542,905	$ 8,629,982
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 357,268	$ 506,820
Capital Lease Obligations Current Portion	9,605	7,109
Grants Payable	286,298	1,133,416
Due to Chapters	871,035	727,895
Deferred Revenue	-	9,086
Deferred Rent	26,392	14,047
Deferred Insurance Liability	288,114	270,100
Total Current Liabilities	1,838,712	2,668,473
CAPITAL LEASE OBLIGATIONS, NET OF CURRENT PORTION	12,399	13,890
DEFERRED RENT, NET OF CURRENT PORTION	149,961	176,354
DEFERRED COMPENSATION OBLIGATION	357,328	324,752
Total Liabilities	2,358,400	3,183,469
NET ASSETS		
Unrestricted - Undesignated (Deficit)	(845,825)	(402,579)
Board Designated		
Reserves	354,443	354,443
Quasi-Endowment	370,895	370,895
Total Board Designated	725,338	725,338
Total Unrestricted Net Assets	(120,487)	322,759
Temporarily Restricted	5,403,278	4,222,040
Permanently Restricted	901,714	901,714
Total Net Assets	6,184,505	5,446,513
Total Liabilities and Net Assets	$ 8,542,905	$ 8,629,982

See accompanying Notes to Financial Statements.

REBUILDING TOGETHER, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT								
Donated Goods and Services	$ 6,571,989	$ -	$ -	$ 6,571,989	$ 5,638,796	$ -	$ -	$ 5,638,796
Corporate Contributions	380,681	6,263,403	-	6,644,084	299,248	4,140,213	-	4,439,461
Foundation Contributions	41,536	428,000	-	469,536	85,020	4,147,790	-	4,232,810
Affiliate Dues	885,251	-	-	885,251	869,452	-	-	869,452
Government Contracts	713,178	-	-	713,178	727,583	-	-	727,583
Investment Income	69,129	21,425	-	90,554	403,847	103,077	-	506,924
Chapter Fees	617,338	-	-	617,338	498,750	-	-	498,750
Individual Contributions	233,166	323,878	-	557,044	217,652	155,316	-	372,968
Chapter Insurance	349,536	-	-	349,536	301,787	-	-	301,787
National Conference	651,765	-	-	651,765	86,302	5,889	-	92,191
Other Income	89,328	-	-	89,328	25,773	31,590	-	57,363
Net Assets Released from Restrictions:								
Satisfaction of Program Restrictions	5,198,233	(5,198,233)	-	-	11,123,922	(11,123,922)	-	-
Satisfaction of Time Restrictions	657,235	(657,235)	-	-	5,511,916	(5,511,916)	-	-
Total Revenue and Support	16,458,365	1,181,238		17,639,603	25,790,048	(8,051,963)	-	17,738,085
EXPENSES								
Program Services	15,263,831	-	-	15,263,831	25,093,441	-	-	25,093,441
Supporting Services:								
General and Administrative	670,195	-	-	670,195	634,137	-	-	634,137
Fundraising	967,585	-	-	967,585	863,396	-	-	863,396
Total Expenses	16,901,611	-	-	16,901,611	26,590,974	-	-	26,590,974
CHANGE IN NET ASSETS	(443,246)	1,181,238	-	737,992	(800,926)	(8,051,963)	-	(8,852,889)
Net Assets, Beginning of Year	322,759	4,222,040	901,714	5,446,513	1,123,685	12,274,003	901,714	14,299,402
NET ASSETS, END OF YEAR	$ (120,487)	$ 5,403,278	$ 901,714	$ 6,184,505	$ 322,759	$ 4,222,040	$ 901,714	$ 5,446,513

See accompanying Notes to Financial Statements.

REBUILDING TOGETHER, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2014

	Program Services							Supporting Services		
	Safe and Healthy Housing/Affiliate Relations	Disaster Relief	Veterans Housing	Capacity Corps	Green Housing	Safe at Home	Total Program Services	General and Administrative	Fundraising	Total
Donated Goods and Services	$ 6,571,099	$ 890	$ -	$ -	$ -	$ -	$ 6,571,989	$ -	$ -	$ 6,571,989
Affiliate Grants	1,306,900	435,739	291,262	-	70,768	97,800	2,202,469	-	85,000	2,287,469
Salaries	890,127	234,916	55,801	111,708	15,816	38,064	1,346,432	489,839	387,889	2,224,160
Consultants	58,762	1,723	17,555	6,250	-	7,613	91,903	894,140	3,375	989,418
Payroll Taxes and Benefits	308,564	80,334	19,082	311,636	5,409	13,017	738,042	153,350	124,988	1,016,380
AmeriCorpsLiving Allowance	-	-	-	832,645	-	-	832,645	-	-	832,645
Rent/Moving Expenses	-	450	-	-	-	-	450	508,308	-	508,758
Travel	155,619	36,575	9,050	67,438	8,719	14,188	291,589	82,140	26,962	400,691
Rehabilitation Projects	347,553	70,545	-	-	40,487	-	458,585	-	-	458,585
Video and Promotional	94,897	8,233	1,769	17,422	2,710	18,000	143,031	730	42,111	185,872
Affiliate Insurance	278,538	37,000	-	-	-	-	315,538	-	-	315,538
Meetings and Seminars	40,694	6,088	-	115,450	17,840	7,298	187,370	1,601	-	188,971
Special Events	71,742	14,319	3,212	-	-	-	89,273	950	25,427	115,650
National Conference	336,538	-	-	-	-	-	336,538	-	2,106	338,644
Web/Database Development	21,001	330	-	16,598	1,800	-	39,729	12,618	4,374	56,721
Miscellaneous	13,127	969	370	10,257	13,820	600	39,143	71,825	17,870	128,838
Office Equipment and Maintenance	1,925	-	-	-	-	-	1,925	19,741	8,402	30,068
Depreciation and Amortization	-	-	-	-	-	-	-	70,484	-	70,484
Telephone	5,350	1,744	755	762	1,129	1,061	10,801	54,346	782	65,929
Bad Debt	-	-	-	-	-	-	-	10,550	-	10,550
Insurance and Legal	-	-	-	-	-	-	-	39,543	8,336	47,879
Printing and Stationary	6,192	97	11	4,345	-	382	11,027	5,225	1,854	18,106
Office Supplies	3,382	1,335	-	158	125	-	5,000	8,569	70	13,639
Postage and Delivery	4,790	12	1,770	1,088	69	54	7,783	1,654	1,559	10,996
Brochures, Manuals and Newsletters	7,906	-	-	-	281	518	8,705	-	689	9,394
Interest Expense	-	-	-	-	-	-	-	1,694	-	1,694
Direct Mail	8	-	-	-	-	-	8	-	2,535	2,543
General and Administrative Allocation	935,258	186,395	41,446	307,057	25,504	38,196	1,533,856	(1,757,112)	223,256	-
Total Expenses	$ 11,459,972	$ 1,117,694	$ 442,083	$ 1,802,814	$ 204,477	$ 236,791	$ 15,263,831	$ 670,195	$ 967,585	$ 16,901,611

See accompanying Notes to Financial Statements.

REBUILDING TOGETHER, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2013

	Program Services							Supporting Services		
	Safe and Healthy Housing/Affiliate Relations	Disaster Relief	Veterans Housing	Capacity Corps	Green Housing	Safe at Home	Total Program Services	General and Administrative	Fundraising	Total
Donated Goods and Services	$ 11,503,936	$ 2,957	$ -	$ -	$ -	$ -	$ 11,506,893	$ -	$ -	$ 11,506,893
Affiliate Grants	1,652,100	2,814,858	1,358,365	-	371,480	344,000	6,540,803	-	271,000	6,811,803
Salaries	984,280	154,286	215,484	128,814	87,526	68,628	1,639,018	409,368	143,344	2,191,730
Consultants	151,977	23,419	56,235	-	2,766	33,603	268,000	941,386	39,341	1,248,727
Payroll Taxes and Benefits	462,056	70,169	98,002	280,400	25,401	31,290	967,318	62,326	65,193	1,094,837
AmeriCorps Living Allowance	-	-	-	744,078	-	-	744,078	-	-	744,078
Rent/Moving Expenses	-	-	-	-	-	-	-	502,538	-	502,538
Travel	203,497	54,148	13,950	35,152	21,134	7,352	335,233	36,963	66,332	438,528
Rehabilitation Projects	326,475	1,216	18,823	-	7,619	-	354,133	-	9,307	363,440
Video and Promotional	137,090	43,919	11,623	9,882	15,698	7,539	225,751	549	44,042	270,342
Affiliate Insurance	237,805	-	-	258	-	-	238,063	-	-	238,063
Meetings and Seminars	75,758	2,460	60	107,197	12,196	3,742	201,413	20,489	7,324	229,226
Special Events	51,116	60,195	53,933	-	-	262	165,506	1,151	51,561	218,218
National Conference	173,416	125	-	-	-	6,546	180,087	-	975	181,062
Web/Database Development	39,642	-	-	3,563	1,800	-	45,005	21,260	28,773	95,038
Miscellaneous	4,504	1,078	62	8,610	-	-	14,254	70,507	6,989	91,750
Office Equipment and Maintenance	28,826	-	201	3,461	-	2,395	34,883	60,076	-	94,959
Depreciation and Amortization	-	-	-	-	-	-	-	64,006	-	64,006
Telephone	1,795	279	302	350	279	290	3,295	50,086	284	53,665
Bad Debt	-	-	-	-	-	-	-	47,097	-	47,097
Insurance and Legal	-	-	-	-	-	-	-	24,128	5,773	29,901
Printing and Stationary	10,693	635	28	2,571	14	411	14,352	7,437	7,087	28,876
Office Supplies	6,025	45	41	1,479	455	108	8,153	10,435	312	18,900
Postage and Delivery	5,061	252	268	1,672	256	121	7,630	1,398	6,024	15,052
Brochures, Manuals and Newsletters	6,055	-	-	1,559	-	1,747	9,361	175	439	9,975
Interest Expense	-	-	-	-	-	-	-	2,022	248	2,270
General and Administrative Allocation	648,279	453,757	259,950	87,404	69,404	71,418	1,590,212	(1,699,260)	109,048	-
Total Expenses	$ 16,710,386	$ 3,683,798	$ 2,087,327	$ 1,416,450	$ 616,028	$ 579,452	$ 25,093,441	$ 634,137	$ 863,396	$ 26,590,974

See accompanying Notes to Financial Statements.

REBUILDING TOGETHER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 737,992	$ (8,852,889)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	70,484	64,006
Net Unrealized Losses on Investments	83,298	387,136
Net Realized Gains on Investments	(59,192)	(798,315)
Provision for Doubtful Accounts	10,550	47,097
Change in Assets and Liabilities:		
Accounts Receivable	33,349	(61,603)
Pledges Receivable	160,723	7,091,910
Prepaid Expenses	(86,598)	(55,800)
Accounts Payable and Accrued Expenses	(149,552)	156,050
Grants Payable	(847,118)	980,666
Due to Chapters	143,140	65,836
Deferred Insurance Liability	18,014	18,600
Deferred Rent	(14,048)	7,064
Deferred Revenue	(9,086)	-
Deferred Compensation Obligation	32,576	30,992
Net Cash Provided (Used) by Operating Activities	124,532	(919,250)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	1,249,445	4,363,392
Purchases of Investments	(365,759)	(4,926,644)
Purchases of Property and Equipment	(31,288)	-
Net Cash Provided (Used) by Investing Activities	852,398	(563,252)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligation	(7,109)	(6,564)
NET CHANGE IN CASH AND CASH EQUIVALENTS	969,821	(1,489,066)
Cash and Cash Equivalents, Beginning of Year	459,683	1,948,749
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,429,504	$ 459,683
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Asset Acquired through Capital Lease	$ 8,114	$ -
Cash Paid During the Year for Interest	$ 1,694	$ 2,270

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Rebuilding Together, Inc. (the Organization) was incorporated on July 11, 1988, in the District of Columbia, in order to provide an umbrella organization for the Organization's local chapters. The Organization's core mission is the repair, renovation and modification of homes occupied by low-income owners. These repairs and modifications are primarily handled by local chapters that recruit sponsors and volunteers to rehabilitate the homes of low-income homeowners, especially the elderly, veterans, the disabled and/or families with children.

The Organization gives national focus to Rebuilding Together and acts as a resource center and facilitator for start-up and established Rebuilding Together chapters. Although the Organization's role with respect to chapters evolves to meet changing needs, its principal functions are (1) to increase the visibility and recognition of the Rebuilding Together brand, (2) to provide technical assistance to chapters, (3) to provide opportunities for training and professional development to chapters, and (4) to ensure the Organization's financial stability and future sustainability. Presently, the Organization is actively engaged in the following areas: branding consistency, fundraising (through grants, national corporate sponsorships, and chapter support), national advocacy, arranging for insurance for chapters, new chapter support and training, establishing standard of excellence for chapters to provide consistency and quality of service delivery, and acting as an information clearinghouse and communication channel.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting. Revenue is recognized when earned and expense when the obligation is incurred.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all checking and savings accounts and highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. Money market funds and other highly liquid investments that are part of the endowment portfolio or are board-designated net assets are considered long-term investments and are reported as investments in the accompanying statement of financial position.

Accounts Receivable

Accounts receivable are stated at their net realizable value. Accounts receivables past due are individually analyzed for collectibility. When all collection efforts are exhausted, the receivable is written off against bad debt expense. Management estimates that all accounts receivables are fully collectible.

Pledges Receivable

Pledges are stated at their net realizable value. Pledges past due are individually analyzed for collectibility. Pledges receivable which management determines to be uncollectible are written off. Management has established an allowance of $5,000 and $10,000 as of December 31, 2014 and 2013, respectively, for those pledges receivable it does not believe to be collectible.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land Held for Sale

Land held for sale consists of property that was donated by an individual and is recorded at fair value. It is management's intention to sell the land when an appropriate offer is received and to use the proceeds to fund the Organization's programs.

Investments

Investments consist of investments in the Unified Managed Accounts (UMA) program of a financial institution through which the Organization invests in institutional shares of selected separate account managers and mutual funds. The UMA invests in fixed income and equity funds, a commodity fund, real estate securities and cash equivalents. The Organization also has investments in money market funds and certificates of deposit. Investments are recorded in the accompanying statement of financial position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Values

Fair Value Measurements

The Organization accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. The Organization accounts for certain financial assets and liabilities at fair value under various accounting literature. The Organization also accounts for certain assets at fair value under applicable industry guidance.

Fair Value Hierarchy

The Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. 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 the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Organization has the ability to access.

Level 2 - Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include among others, quoted prices for similar assets or liabilities in active market or non-active market.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Values (Continued)

Fair Value Hierarchy (Continued)

Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Property and Equipment

Furniture and equipment are recorded at cost and depreciated over estimated useful lives of three to ten years using the straight line method. Leasehold improvements are amortized using the straight line method over the shorter of the remaining term of the lease or the useful life of the improvement. Donated property and equipment are recorded at the estimated fair value on the date of donation. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of property and equipment, the cost and accumulated depreciation or amortization are eliminated from the accounts and the resulting gain or loss is included in revenue or expense. Acquisitions of property and equipment with a useful life of more than one year and with a cost greater than or equal to $5,000 are capitalized.

Net Assets

The Organization's net assets are reported as follows:

Unrestricted: represent the portion of expendable funds that are available for support of the Organization's operations. A portion of the unrestricted net assets has been designated by the Board of Directors for specific projects or purposes.

Temporarily restricted: represent funds restricted by donors for various programs or periods.

Permanently restricted: represent funds in which the gift is to be held in perpetuity and only the investment earnings may be expended for the purposes designated by the donors.

Revenue Recognition

All contributions are considered 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 donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. The Organization recognizes contributions restricted by the donor as an increase in unrestricted net assets if the restriction expires in the same reporting period in which the revenue is recognized.

Unrestricted contributions and grants are reported as revenue and support in the year in which payments are received and/or unconditional promises are made.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Affiliate dues and national conference registration fees are recorded as revenue and support in the year in which the affiliate dues apply and the year in which the conference is held.

The Organization has cost-reimbursable grants and contracts with U.S. government agencies. Revenue from these grants is recognized as costs are incurred on the basis of direct costs plus allocable indirect expenses. Direct and indirect expenses incurred, but not yet reimbursed, under these grants are reported as accounts receivable in the accompanying statements of financial position. Payments received, but not yet expended, for the purpose of the grant are reflected as deferred revenue in the accompanying statements of financial position.

Grants to Chapters

The Organization awards grants to its chapters. Grants to chapters are recognized as expenses when the funds become available and the conditions have been met. Unconditional amounts awarded, but unpaid, as of the end of the year are recorded as grants payable in the accompanying financial statements.

Functional Allocation of Expenses

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

Income Taxes

The Organization is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code and is subject to tax only on its net unrelated business income. For the years ended December 31, 2014 and 2013, the Organization had no significant net unrelated business income.

The Organization evaluated tax positions and determined that its positions are more likely than not to be sustained on examination.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. The reclassifications did not change previously reported total net assets or changes thereon.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 28, 2015, the date the financial statements were available to be issued.

NOTE 2 CONCENTRATIONS OF RISK

Credit Risk

The Organization maintains demand deposits with a commercial bank and money market funds with a financial institution. At times, the balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. As such, the failure of an underlying institution could result in financial loss to the Organization.

Market Risk

The Organization invests in a variety of investments. These investments are exposed to various risks, such as fluctuations in market value and credit risk. It is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the accompanying financial statements.

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give and are recorded at net realizable value. As of December 31, 2014 and 2013, the Organization's pledges receivable are as follows:

	2014	2013
Due in Less than One Year	$ 2,625,856	$ 2,357,677
Due in One to Five Years	-	500,000
Total Pledges Receivable	2,625,856	2,857,677
Less: Discount on Multiyear Pledges	-	(55,548)
Less: Allowance for Doubtful Accounts	(5,000)	(10,000)
Pledges Receivable, Net	2,620,856	2,792,129
Less: Current Portion	(2,620,856)	(2,325,306)
Long-Term Portion	$ -	$ 466,823

NOTE 3 PLEDGES RECEIVABLE (CONTINUED)

As of December 31, 2014 and 2013, pledges receivable are shown at the present value of estimated future cash flows using a discount rate of 2.32% in 2013. At December 31, 2014, all pledges were considered current; therefore, discounting was not necessary. The discount on 2013 pledges was computed using estimates based on available data for risk-free interest rates and the discounted prime rate adjusted for premium risk for the years in which outstanding pledges were received.

NOTE 4 INVESTMENTS

As of December 31, 2014 and 2013, investments at fair value consisted of the following:

	2014	2013
UMA Program Funds:		
Fixed Income Funds	$ 1,527,345	$ 1,988,715
Equity Funds	1,186,870	1,564,498
Commodities Fund	124,330	189,931
Real Estate Securities	179,846	183,945
Cash Equivalents	2,031	1,284
Deferred Compensation Plan Money Market Funds	328,836	328,795
Certificates of Deposit	108,742	108,624
Total Investments	$ 3,458,000	$ 4,365,792

A summary of investment income is as follows for the years ended December 31, 2014 and 2013:

	2014	2013
Net Realized Gains	$ 59,192	$ 798,315
Net Unrealized Losses	(83,298)	(387,136)
Interest and Dividends	114,660	95,745
Total	$ 90,554	$ 506,924

NOTE 4 INVESTMENTS (CONTINUED)

Fair Value Measurements

The following tables summarize the Organization's assets measured at fair value on a recurring basis as of December 31, 2014 and 2013:

	2014			
	Level 1	Level 2	Level 3	Total
Investments:				
UMA Program Funds:				
Fixed Income Funds:				
U.S. Taxable	$ -	$ 1,147,655	$ -	$ 1,147,655
High Yield	-	379,690	-	379,690
		1,527,345	-	1,527,345
Equity Funds:				
Large Cap	-	430,515	-	430,515
Small-Mid Cap	-	302,002	-	302,002
International	-	270,079	-	270,079
Emerging Markets	-	184,274	-	184,274
		1,186,870	-	1,186,870
Commodities Fund	-	179,846	-	124,330
Real Estate Securities	-	124,330	-	179,846
Cash Equivalents	-	2,031	-	2,031
Total UMA Program Funds	-	3,020,422	-	3,020,422
Deferred Compensation Plan Money Market	328,836	-	-	328,836
Certificates of Deposit	-	108,742	-	108,742
Total Investments	328,836	3,129,164	-	3,458,000
Land Held for Sale	-	-	200,000	200,000
	$ 328,836	$ 3,129,164	$ 200,000	$ 3,658,000

NOTE 4 INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

	2013			
	Level 1	Level 2	Level 3	Total
Investments:				
UMA Program Funds:				
Fixed Income Funds:				
U.S. Taxable	$ -	$ 1,486,132	$ -	$ 1,486,132
High Yield	-	502,583	-	502,583
		1,988,715	-	1,988,715
Equity Funds:				
Large Cap	-	542,195	-	542,195
Small-Mid Cap	-	430,392	-	430,392
International	-	367,287	-	367,287
Emerging Markets	-	224,624	-	224,624
		1,564,498	-	1,564,498
Commodities Fund	-	189,931	-	189,931
Real Estate Securities	-	183,945	-	183,945
Cash Equivalents	-	1,284	-	1,284
Total UMA Program Funds	-	3,928,373	-	3,928,373
Deferred Compensation Plan Money Market	328,795	-	-	328,795
Certificates of Deposit	-	108,624	-	108,624
Total Investments	328,795	4,036,997	-	4,365,792
Land Held for Sale	-	-	200,000	200,000
	$ 328,795	$ 4,036,997	$ 200,000	$ 4,565,792

The Organization used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

UMA Program funds – Consist of investments primarily through the UMA Program of a financial institution. The fair values of the UMA Program funds are provided by a financial institution based on the fair values of the underlying funds in which the program invests. The underlying funds are traded on a major exchange.

Money market funds – Consist of funds that are traded on a major exchange. Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy.

Certificates of deposit – Consist of securities with fixed maturities that generally do not trade on a daily basis and are based on observable market information, rather than market quotes. Accordingly, the estimates of fair value for such fixed-maturity investments, as provided by the pricing service, are included in the amount disclosed in Level 2 of the fair value hierarchy (market valuation approach).

NOTE 4 INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

Land held for sale – consists of property that was donated by an individual in December 2005. The land is valued based on an assessment by a local government, less the estimated cost to sell the property. The amount includes unobservable inputs. Inputs into the determination of fair value are based upon the best information in the circumstances and may require significant judgment by management.

During the years ended December 31, 2014 and 2013, the fair value of land held for sale, which was measured using unobservable inputs (Level 3), did not change in value.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2014	2013
Furniture and Equipment	$ 516,747	$ 579,126
Software	125,604	22,066
Leasehold Improvements	79,913	79,913
Less: Accumulated Depreciation and Amortization	(570,810)	(498,569)
Property and Equipment, Net	$ 151,454	$ 182,536

Depreciation and amortization expense totaled $70,484 and $64,006 for the years ended December 31, 2014 and 2013, respectively.

NOTE 6 DEFERRED COMPENSATION PLAN

The Organization established the Rebuilding Together Executive Deferred Compensation Plan (the Compensation Plan) effective January 1, 2001, for certain key employees. The Compensation Plan is intended to be an unfunded deferred compensation plan governed by Section 457(f) of the Internal Revenue Code. The Organization has established an investment account to accumulate assets in order to meet obligations under the Compensation Plan. The Compensation Plan requires the Organization to make monthly contributions at a rate of 12% of each participant's monthly salary. Participants are fully vested at the earlier of the vesting date, as defined for each participant in the agreement (which began on December 31, 2009), or the participant's termination or death. The total deferred compensation expense of $32,576 and $30,992 at December 31, 2014 and 2013, respectively, is included in payroll taxes and benefits in the accompanying statements of functional expenses.

NOTE 7 NET ASSETS

Board-Designated Unrestricted Net Assets

The Organization's Board of Directors has resolved to set aside certain amounts for the expansion of the Organization's and local chapters' programs and for support of the insurance program. At year's ending December 31, 2014 and 2013, the Board of Directors designated unrestricted net assets of $725,338, of which $370,895 is to remain invested intact, and the interest is to be used to award grants to the Organization's local chapters and to support building operations and new program development. The insurance program will permit the Organization to assume some of the risk in anticipation of higher deductibles for the insurance program.

Temporarily Restricted Net Assets

As of December 31, 2014 and 2013, temporarily restricted net assets were restricted by time or were available for housing projects and other purposes, as stated below:

	2014	2013
General Mission/Rehabilitation	$ 2,968,137	$ 1,828,652
Veterans' Housing	1,235,089	916,251
Disaster Relief	381,516	824,723
Green Housing	103,832	258,911
Safe at Home	95,000	206,370
Neighborhood Stabilization	29,318	26,618
Time Restrictions	415,000	-
Accumulated Endowment Fund Earnings	175,386	160,515
Total Temporarily Restricted Net Assets	$ 5,403,278	$ 4,222,040

Net assets were released form donor restrictions by incurring expenses satisfying the restricted purposes. For the years ended December 31, 2014 and 2013, net assets released form restrictions were as follows:

	2014	2013
Satisfaction of Purpose Restrictions:		
General Mission/Rehabilitation	$ 2,904,245	$ 4,007,748
Disaster Relief	957,420	3,683,800
Veterans' Housing	705,099	2,182,302
Safe at Home	206,370	536,029
Green Housing	157,775	485,343
Neighborhood Stabilization	10,769	219,560
Capacity Corps	250,000	-
Endowment Spending for Operations	6,555	9,140
Total Released from Purpose Restrictions	5,198,233	11,123,922
Lapse of Time Restrictions	657,235	5,511,916
Total Released from Restrictions	$ 5,855,468	$ 16,635,838

NOTE 7 NET ASSETS (CONTINUED)

Permanently Restricted Net Assets

Permanently restricted net assets consisted of the following at December 31:

	2014	2013
Spread the Spirit Fund	$ 228,547	$ 228,547
Tagliabue Rebuild America Fund	215,159	215,159
Booz Allen Hamilton Exemplary Management Fund	100,000	100,000
Simon/Affiliate Development Fund	60,789	60,789
Whitaker Fund	51,550	51,550
Nordberg Fellowship	50,200	50,200
Program Endowment	48,450	48,450
Fund for Predictable Excellence	40,229	40,229
Unity of Purpose Fund	35,800	35,800
George Michael and Pat Lackman Building Endowment	28,500	28,500
The Angel Fund	19,650	19,650
The Lois Beers Fellowship	15,675	15,675
The Carolyn L. Morgan Fund	5,165	5,165
Building Endowment	2,000	2,000
Total	$ 901,714	$ 901,714

NOTE 8 ENDOWMENT FUNDS

Endowment Funds

The Organization's endowment consists primarily of individual donor-restricted funds established for a variety of purposes. In addition, there are funds that are internally designated by the Board of Directors and held in reserve to support future years' operations, to provide a resource for unexpected downturns and to support the Organization's affiliate network. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization's Board of Directors has interpreted the District of Columbia's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law (Continued)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriated or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

As of December 31, 2014 and 2013, the Organization's endowment had the following net asset composition:

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted	$ -	$ 175,386	$ 901,714	$ 1,077,100
Board Designated				
Quasi-Endowment Fund	370,895	-	-	370,895
Total	$ 370,895	$ 175,386	$ 901,714	$ 1,447,995

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted	$ -	$ 160,515	$ 901,714	$ 1,062,229
Board Designated				
Quasi-Endowment Fund	370,895	-	-	370,895
Total	$ 370,895	$ 160,515	$ 901,714	$ 1,433,124

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law (Continued)

For the years ended December 31, 2014 and 2013, the endowment funds had the following activity:

	Board Designated Quasi-Endowment	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, December 31, 2012	$ 370,895	$ 66,402	$ 901,714	$ 1,339,011
Investment Income	7,999	19,623	-	27,622
Net Appreciation	34,399	83,630	-	118,029
	413,293	169,655	901,714	1,484,662
Appropriated	(42,398)	(9,140)	-	(51,538)
Endowment Net Assets, December 31, 2013	370,895	160,515	901,714	1,433,124
Investment Income	11,164	27,141	-	38,305
Net Appreciation	(2,351)	(5,715)	-	(8,066)
	379,708	181,941	901,714	1,463,363
Appropriated	(8,813)	(6,555)	-	(15,368)
Endowment Net Assets, December 31, 2014	$ 370,895	$ 175,386	$ 901,714	$ 1,447,995

Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund or perpetual duration. There were no such deficiencies as of December 31, 2014 and 2013.

Investment Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended, net of spending, to grow the endowment fund at the rate of inflation over a seven- to ten-year horizon. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the investment strategy emphasizes total return, in which investment returns are achieved through both capital appreciation (realized and unrealized), and current yield (interest and dividends). The Organization's current asset allocation for Board-designated and endowment funds targets a composition of 50% fixed income and 50% equities.

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Spending Policy

The Organization allocates the investment income generated by the endowment funds each year based on the endowment's purpose, which is based on the donors' requests. On an annual basis during the budget process, the Board of Directors determines the distribution of the return on Board-designated endowment funds and any transfer of funds from the Organization's operating budget.

NOTE 9 DONATED PUBLICITY AND ADVERTISING

The Organization records all donated facilities, services and materials at their fair value at the date of donation. The value of the donated publicity and advertising included in the accompanying statement of functional expenses for the years ended December 31, 2014 and 2013, was $6,571,989 and $11,506,893, respectively.

NOTE 10 COMMITMENTS AND RISKS

Office Lease

The Organization leases office and storage space under a noncancelable operating lese that is scheduled to expire on November 30, 2018. Under the terms of the lease, the base rent increases annually on an incremental basis. The lease provides for a lease abatement equivalent to 50% of the first and second monthly fixed rent payments following the commencement date, totaling $35,623. Under accounting principles generally accepted in the United States of America (GAAP), all rental payments, including fixed rent increases and rented abatements, are recognized on a straight-line basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments is reflected as deferred rent in the accompanying statement of financial position. In addition to the base rent, the Organization pays for its proportionate share of real estate taxes and certain other operating costs. Rent expense totaled $508,758 and $502,538 for the years ended December 31, 2014 and 2013, respectively.

As of December 31, 2014, future minimum lease payments under this lease are as follows:

Year Ending December 31,	
2015	$ 507,315
2016	519,966
2017	532,996
2018	499,684
Total	$ 2,059,961

NOTE 10 COMMITMENTS AND RISKS (CONTINUED)

Capital Lease

The Organization entered into agreements to lease office equipment. Under the lease agreements, payments are due each month through December 2017. As of December 31, 2014, the cost of the capitalized equipment and the related accumulated amortization totaled $43,180 and $22,208, respectively. As of December 31, 2013, the cost of the capitalized equipment and the related accumulated amortization totaled $35,065 and $16,194, respectively.

As of December 31, 2014, future minimum lease payments under the leases are as follows:

Year Ending December 31,	
2015	$ 9,605
2016	8,807
2017	3,592
Total	$ 22,004

Government Funding

Due to grants received from the federal government, the Organization is subject to audit reviews by its contracting or granting agencies. Until such audits are reviewed and accepted, there exists a contingent liability to refund any amounts received in excess of allowable costs. Management believes that any matters arising from the reviews by the federal or pass-through agencies will not have a material effect on the Organization's financial position as of December 31, 2014 and 2013, or its results of operations for the years then ended.

NOTE 11 CHAPTER INSURANCE

The Organization provides an administrative service on behalf of its local chapters by processing individual chapter's general liability/volunteer insurance applications. The individual chapters are invoiced for their insurance premiums by the Organization and the local chapters pay the Organization their insurance policy premiums and an administrative fee. Chapter insurance revenue is recorded when the Organization receives payment from the local chapters. The chapter insurance expense is recorded when the Organization pays the quarterly insurance bills to the appropriate vendors. For the year ended December 31, 2014, chapter insurance revenues and expenses totaled $349,536 (of which $33,998 represents administrative processing revenue) and $315,538, respectively. For the year ended December 31, 2013, chapter insurance revenues and expenses totaled $301,787 (of which $63,724 represents administrative processing revenue) and $238,063, respectively.

NOTE 12 CHAPTER PASS-THROUGH

The Organization receives certain contributions on behalf of its local chapters. These contributions are designated by donors for specified local chapters. The total contributions received on behalf of the local chapters totaled $309,717 and $520,996 for the years ended December 31, 2014 and 2013, respectively. The Organization does not have the variance power to redirect these funds to other grantees. Accordingly, the contributions received on behalf of chapters have been recorded as assets and liabilities in the accompanying financial statements. As of December 31, 2014 and 2013, $871,035 and $727,895, respectively, is reflected as due to chapters in the accompanying statements of financial position, representing amounts not yet remitted to the chapters.

NOTE 13 RETIREMENT PLAN

The Organization’s employees are eligible to participate in the Rebuilding Together, Inc. Defined Contribution Employee Pension Plan (the Plan). Employees can make voluntary tax-deferred contributions within specified limits. Effective April 6, 2009, the Organization’s contributions were decreased from 5% to 3% of each participant’s salary. The Plan was established under the provisions of Internal Revenue Code Section 403(b). The Organization’s contribution to the Plan was $119,593 and $106,416 for the years ended December 31, 2014 and 2013, respectively, which is included in payroll taxes and benefits in the accompanying statements of functional expenses.

REBUILDING TOGETHER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2014

Federal Grantor/Pass-Through Agency/Program Title	Federal CFDA Number	Pass-through Grant Number	Federal Expenditures
Corporation for National & Community Services			
Americorps National Direct Grant 73Y6, 73Y7	94.006	13EDHDC003 (year 6)	$ 490,015
		13EDHDC003 (year 7)	223,163
TOTAL FEDERAL AWARDS			$ 713,178

Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. Consequently, amounts are recorded as expenditures when the obligations are incurred. Expenses are incurred using the cost accounting principles contained in U.S. Office of Management and Budget Circular A-122, Cost Principles for Non-Profit Organizations. Under those cost principles, certain types of expenses are not allowable or are limited as to reimbursement.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Rebuilding Together, Inc.
Washington, DC

We have audited, in accordance with the 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, the financial statements of Rebuilding Together, Inc. ("the Organization") which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expense and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rebuilding Together, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control described in accompanying schedule of findings and questioned costs that we considered to be a significant deficiency (2014-001).

Board of Directors
Rebuilding Together, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rebuilding Together, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards.*

Rebuilding Together, Inc.'s Response to Findings

Rebuilding Together, Inc.'s response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Rebuilding Together, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
September 28, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Rebuilding Together, Inc.
Washington, DC

Report on Compliance for Each Major Federal Program

We have audited the compliance of Rebuilding Together, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Rebuilding Together, Inc.'s major federal programs for the year ended December 31, 2014. Rebuilding Together, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Rebuilding Together, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rebuilding Together, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Rebuilding Together, Inc.'s compliance.

Board of Directors
Rebuilding Together, Inc.

Opinion on Each Major Federal Program

In our opinion, Rebuilding Together, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control over Compliance

Management of Rebuilding Together, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rebuilding Together, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rebuilding Together, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
September 28, 2015

REBUILDING TOGETHER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

Part I: <u>Summary of Auditors' Results</u>

Financial Statements

Type of auditors' report issued:	Unmodified opinion
Internal control over financial reporting:	
• Material weaknesses identified	No
• Significant deficiencies identified that are not considered to be material weakness	Yes
• Noncompliance material to financial statements noted	No

Federal Awards

Type of auditor's report issued on compliance for the major programs	Unmodified opinion
Internal control over major programs:	
• Material weaknesses identified	No
• Significant deficiencies identified that are not considered to be material weakness	None noted
Audit findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133	No

Major Programs

Program Title	Federal CFDA Number
Corporation for National & Community Services	
Americorps National Direct Grant 73Y6, 73Y7	94.006

Dollar threshold used to distinguish Types A and B programs	$300,000
Auditee qualified as low-risk auditee	Yes

REBUILDING TOGETHER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2014

Part II: Financial Statement Findings

Finding 2014-001 – Releases from Restrictions

Type of Finding – Significant Deficiency

Statement of Condition: During the year ended December 31, 2014, management performed research and noted that $155,821 in temporarily restricted net assets were not properly released to unrestricted net assets in the prior year. Prior to the start of the audit management brought this to our attention. The amount was properly released during the year ended December 31, 2014.

Criteria: Management is responsible for establishing and maintaining internal controls over financial reporting and ensuring that temporarily restricted net assets are properly released.

Cause of Condition: In the prior year Rebuilding Together did not have controls in place to ensure that temporarily restricted net assets were properly released.

Questioned Costs: None.

Effect: The beginning temporarily restricted net assets balance was overstated by $155,821 and the beginning unrestricted net assets balance was understated by the same amount.

Recommendation: We recommend that Rebuilding Together implement procedures to ensure that net assets are properly released from restriction.

Management Response: Management has implemented procedures in July 2015 to ensure that net assets released from restrictions are properly recorded in the accounting records in a timely manner.

Corrective Action Plan: July 2015.

Part III: Federal Award Findings and Questioned Costs

None noted

REBUILDING TOGETHER, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2014

Part IV: Prior Year Findings

Financial Statement Findings

None noted.

Federal Award Findings and Questioned Costs

None noted.