REBUILDING TOGETHER, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

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YEARS ENDED DECEMBER 31, 2016 AND 2015

INDEPENDENT AUDITORS' REPORT

Board of Directors
Rebuilding Together, Inc.
Washington, DC

We have audited the accompanying financial statements of Rebuilding Together, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expense 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, 2016 and 2015, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
July 14, 2017

REBUILDING TOGETHER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,962,160	$ 2,128,759
Accounts Receivable	353,791	419,870
Pledges Receivable	2,292,497	675,623
Prepaid Expenses	195,620	298,266
Land Held for Sale	185,800	185,800
Total Current Assets	4,989,868	3,708,318
INVESTMENTS	2,384,845	3,115,793
PLEDGES RECEIVABLE, LESS CURRENT PORTION	100,000	-
PROPERTY AND EQUIPMENT, NET	468,243	153,644
Total Assets	$ 7,942,956	$ 6,977,755
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 496,290	$ 518,001
Capital Lease Obligations	3,592	8,807
Grants Payable	99,000	236,520
Due to Chapters (Pass-Through)	-	999,567
Deferred Revenue	90,196	-
Refundable Advance	300,000	-
Deferred Rent	52,077	39,040
Deferred Insurance Liability	320,664	305,514
Total Current Liabilities	1,361,819	2,107,449
CAPITAL LEASE OBLIGATIONS, NET OF CURRENT PORTION	-	3,593
DEFERRED RENT, NET OF CURRENT PORTION	58,841	110,919
DEFERRED COMPENSATION OBLIGATION	428,550	392,051
Total Liabilities	1,849,210	2,614,012
NET ASSETS		
Unrestricted - Undesignated (Deficit)	(112,396)	(1,379,320)
Board Designated		
Reserves	354,443	354,443
Quasi-Endowment	370,895	370,895
Total Board Designated	725,338	725,338
Total Unrestricted Net Assets (Deficit)	612,942	(653,982)
Temporarily Restricted	4,619,319	4,156,240
Permanently Restricted	861,485	861,485
Total Net Assets	6,093,746	4,363,743
Total Liabilities and Net Assets	$ 7,942,956	$ 6,977,755

See accompanying Notes to the Financial Statements.

REBUILDING TOGETHER, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT								
Donated Goods and Services	$ 1,875,270	$ -	$ -	$ 1,875,270	$ 3,618,413	$ -	$ -	$ 3,618,413
Corporate Contributions	1,246,750	7,146,200	-	8,392,950	283,413	4,630,703	-	4,914,116
Foundation Contributions	200,725	284,260	-	484,985	320,359	555,414	-	875,773
Affiliate Dues	928,166	-	-	928,166	896,672	-	-	896,672
Government Contracts	541,367	-	-	541,367	708,965	-	-	708,965
Investment Income (Loss)	144,595	87,525	-	232,120	(82,610)	18,820	-	(63,790)
Chapter Fees	365,000	-	-	365,000	403,162	-	-	403,162
Individual Contributions	170,701	25,776	-	196,477	145,637	27,217	-	172,854
Chapter Insurance	317,308	-	-	317,308	324,360	-	-	324,360
National Conference	65,286	-	-	65,286	-	-	-	-
Other Income	28,356	-	-	28,356	29,829	-	-	29,829
Net Assets Released from Restrictions:								
Satisfaction of Program Restrictions	6,886,282	(6,886,282)	-	-	6,119,232	(6,119,232)	-	-
Satisfaction of Time Restrictions	194,400	(194,400)	-	-	359,960	(359,960)	-	-
Permanently Restricted Release	-	-	-	-	40,229	-	(40,229)	-
Total Revenue and Support	12,964,206	463,079	-	13,427,285	13,167,621	(1,247,038)	(40,229)	11,880,354
EXPENSES								
Program Services	10,168,153	-	-	10,168,153	11,661,725	-	-	11,661,725
Supporting Services:								
General and Administrative	540,769	-	-	540,769	803,205	-	-	803,205
Fundraising	988,360	-	-	988,360	1,236,186	-	-	1,236,186
Total Expenses	11,697,282	-	-	11,697,282	13,701,116	-	-	13,701,116
CHANGE IN NET ASSETS	1,266,924	463,079	-	1,730,003	(533,495)	(1,247,038)	(40,229)	(1,820,762)
Net Assets (Deficit), Beginning of Year	(653,982)	4,156,240	861,485	4,363,743	(120,487)	5,403,278	901,714	6,184,505
NET ASSETS (DEFICIT), END OF YEAR	$ 612,942	$ 4,619,319	$ 861,485	$ 6,093,746	$ (653,982)	$ 4,156,240	$ 861,485	$ 4,363,743

See accompanying Notes to the Financial Statements.

REBUILDING TOGETHER, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2016

	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	$ 1,859,049	$ -	$ -	$ -	$ -	$ -	$ 1,859,049	$ 16,224	$ -	$ 1,875,273
Affiliate Grants	1,899,391	70,000	561,040	15,000	70,000	1,500	2,616,931	-	62,000	2,678,931
Salaries	1,056,849	5,571	25,174	151,407	2,082	-	1,241,083	481,244	343,202	2,065,529
Consultants	352,523	-	-	-	-	2,987	355,510	550,330	7,075	912,915
Payroll Taxes and Benefits	467,842	2,391	12,115	274,840	956	-	758,144	196,592	143,150	1,097,886
AmeriCorps Living Allowance	-	-	-	561,727	-	-	561,727	-	-	561,727
Rent/Moving Expenses	-	-	-	-	-	-	-	512,638	-	512,638
Travel	265,543	967	2,931	99,507	-	883	369,831	17,265	57,374	444,470
Rehabilitation Projects	371,197	-	148	11	-	-	371,356	-	-	371,356
Video and Promotional	43,824	-	-	8,324	-	34,855	87,003	-	27,696	114,699
Affiliate Insurance	264,102	-	-	-	-	-	264,102	-	-	264,102
Meetings and Seminars	46,885	250	1,019	40,644	-	-	88,798	30,313	4,066	123,177
Special Events	44,252	-	17	367	-	-	44,636	-	33,629	78,265
National Conference	145,947	-	-	1,710	-	-	147,657	550	1,665	149,872
Web/Database Development	88,843	-	-	8,409	-	-	97,252	21,644	312	119,208
Miscellaneous	12,060	-	18	3,624	-	-	15,702	38,053	395	54,150
Office Equipment and Maintenance	758	-	683	-	-	-	1,441	32,008	11,680	45,129
Depreciation and Amortization	-	-	-	-	-	-	-	84,052	-	84,052
Telephone	1,795	617	617	718	-	617	4,364	32,109	1,076	37,549
Bad Debt	-	-	-	-	-	-	-	23	-	23
Insurance and Legal	300	-	-	-	-	-	300	40,957	7,916	49,173
Printing and Stationary	2,877	-	-	48	-	2,983	5,908	2,709	-	8,617
Office Supplies	2,139	-	93	54	-	-	2,286	5,851	99	8,236
Postage and Delivery	31,337	-	674	428	-	-	32,439	4,288	587	37,314
Brochures, Manuals and Newsletters	-	-	-	120	-	-	120	-	107	227
Interest Expense	-	-	-	-	-	-	-	2,739	-	2,739
Direct Mail	25	-	-	-	-	-	25	-	-	25
General and Administrative Allocation	997,030	4,612	15,137	208,568	1,067	16,075	1,242,489	(1,528,820)	286,331	-
Total Expenses	$ 7,954,568	$ 84,408	$ 619,666	$ 1,375,506	$ 74,105	$ 59,900	$ 10,168,153	$ 540,769	$ 988,360	$ 11,697,282

See accompanying Notes to the Financial Statements.

REBUILDING TOGETHER, INC.
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2015

	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	$ 3,545,807	$ 25,000	$ -	$ -	$ -	$ -	$ 3,570,807	$ 47,606	$ -	$ 3,618,413
Affiliate Grants	1,699,255	556,680	362,000	10,000	60,000	55,000	2,742,935	-	79,000	2,821,935
Salaries	870,342	62,553	21,616	165,301	3,871	19,214	1,142,897	348,168	434,114	1,925,179
Consultants	34,684	-	-	13,532	-	92,461	140,677	962,833	21,659	1,125,169
Payroll Taxes and Benefits	400,200	24,852	8,709	314,781	1,651	8,229	758,422	133,312	189,729	1,081,463
AmeriCorps Living Allowance	-	-	-	708,965	-	-	708,965	-	-	708,965
Rent/Moving Expenses	200	-	-	-	-	-	200	514,939	-	515,139
Travel	182,667	17,020	2,515	109,928	1,305	6,015	319,450	23,538	40,637	383,625
Rehabilitation Projects	262,246	-	17	-	-	-	262,263	-	-	262,263
Video and Promotional	75,891	-	792	41,074	-	-	117,757	-	9,960	127,717
Affiliate Insurance	292,801	-	-	-	-	-	292,801	-	-	292,801
Meetings and Seminars	57,754	4,825	164	52,911	11	10,453	126,118	7,310	2,960	136,388
Special Events	57,578	161	40	-	-	-	57,779	6,932	18,013	82,724
National Conference	600	-	-	-	-	-	600	-	-	600
Web/Database Development	10,515	-	-	4,621	11	-	15,147	12,000	1,717	28,864
Miscellaneous	92,338	435	-	4,131	-	-	96,904	148,205	8,109	253,218
Office Equipment and Maintenance	1,404	-	1,396	-	-	-	2,800	14,840	14,682	32,322
Depreciation and Amortization	-	-	-	-	-	-	-	60,159	-	60,159
Telephone	1,849	689	646	646	-	645	4,475	39,688	1,271	45,434
Bad Debt	-	-	-	-	-	-	-	84,001	-	84,001
Insurance and Legal	3,194	-	-	-	-	-	3,194	37,487	16,524	57,205
Printing and Stationary	3,729	-	-	421	-	-	4,150	5,300	13,530	22,980
Office Supplies	1,864	178	33	29	-	-	2,104	6,160	298	8,562
Postage and Delivery	841	396	-	815	-	-	2,052	3,186	186	5,424
Brochures, Manuals and Newsletters	8,105	-	-	43	-	7,275	15,423	-	-	15,423
Interest Expense	-	-	-	-	-	-	-	3,175	-	3,175
Direct Mail	51	-	-	-	-	-	51	-	1,917	1,968
General and Administrative Allocation	805,189	43,812	21,459	330,221	3,375	69,698	1,273,754	(1,655,634)	381,880	-
Total Expenses	$ 8,409,104	$ 736,601	$ 419,387	$ 1,757,419	$ 70,224	$ 268,990	$ 11,661,725	$ 803,205	$ 1,236,186	$ 13,701,116

See accompanying Notes to the Financial Statements.

REBUILDING TOGETHER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 1,730,003	$ (1,820,762)
Adjustments to Reconcile Change in Net Assets to		
Net Cash (Used in) Provided by Operating Activities:		
Depreciation and Amortization	84,052	60,159
Net Unrealized (Gains) Losses on Investments	(168,284)	181,668
Net Realized Losses (Gains) on Investments	15,485	(23,772)
Provision for Doubtful Accounts	23	84,001
Change in Assets and Liabilities:		
Accounts Receivable	66,079	(28,402)
Pledges Receivable	(1,716,897)	1,861,232
Prepaid Expenses	102,646	(6,643)
Land Held for Resale	-	14,200
Accounts Payable and Accrued Expenses	(21,711)	160,733
Grants Payable	(137,520)	(49,778)
Due to Chapters	(999,567)	128,532
Deferred Rent	(39,041)	(26,394)
Deferred Insurance Liability	15,150	17,400
Deferred Revenue	90,196	-
Refundable Advance	300,000	-
Deferred Compensation Obligation	36,499	34,723
Net Cash (Used in) Provided by Operating Activities	(642,887)	586,897
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	1,320,453	425,831
Purchases of Investments	(436,706)	(241,520)
Purchases of Property and Equipment	(398,651)	(62,349)
Net Cash Provided by Investing Activities	485,096	121,962
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Capital Lease Obligation	(8,808)	(9,604)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(166,599)	699,255
Cash and Cash Equivalents, Beginning of Year	2,128,759	1,429,504
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,962,160	$ 2,128,759
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 2,739	$ 3,175

See accompanying Notes to the 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 is recorded when the obligation is incurred.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all checking and savings accounts, money market funds (with the exception of the amounts that are part of investments), and other 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 statements of financial position.

Accounts Receivable

Accounts receivable are stated at their net realizable value. Accounts receivables past due are individually analyzed for collectability. 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 receivable are stated at their net realizable value. Pledges past due are individually analyzed for collectability. Pledges receivable which management determines to be uncollectible are written off. Management estimates that all pledges receivable are fully 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 statements 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.

Refundable Advance

Refundable advance represents funds the Organization received from a third party for programmatic activities. The revenue will be recognized as programmatic activities take place. The amount is recorded as a liability as the Organization will have to return the funds to the third party if the funds are not spent.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 statements 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, 2016 and 2015, 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Subsequent Events

In preparing these financial statements, the organization has evaluated events and transactions for potential recognition or disclosure through July 14, 2017, 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.

Revenue Concentration Risk

The Organization received 46% and 55% of total contribution revenue from two donors for the years ended December 31 2016 and 2015, respectively.

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable represent unconditional promises to give and are recorded at net realizable value. At December 31, 2016, $2,292,497 of the balance was current and $100,000 is due in 2018. At December 31, 2015, all pledges were considered current.

NOTE 4 INVESTMENTS

As of December 31, 2016 and 2015, investments at fair value consisted of the following:

	2016	2015
UMA Program Funds:		
Fixed Income Funds	$ 960,913	$ 1,332,235
Equity Funds	710,813	1,038,481
Commodities Fund	49,393	46,324
Real Estate Securities	106,234	184,584
Cash Equivalents	56,443	74,436
Deferred Compensation Plan Money Market Funds	392,089	330,883
Certificates of Deposit	108,960	108,850
Total Investments	$ 2,384,845	$ 3,115,793

A summary of investment income (loss) is as follows for the years ended December 31, 2016 and 2015:

	2016	2015
Net Realized (Losses) Gains	$ (15,485)	$ 23,772
Net Unrealized Gains (Losses)	168,284	(181,668)
Interest and Dividends	79,321	94,106
Total	$ 232,120	$ (63,790)

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, 2016 and 2015:

	2016			
	Level 1	Level 2	Level 3	Total
Investments:				
UMA Program Funds:				
Fixed Income Funds:				
U.S. Taxable	$ -	$ 720,697	$ -	$ 720,697
High Yield	-	240,216	-	240,216
		960,913	-	960,913
Equity Funds:				
Large Cap	-	461,687	-	461,687
Small-Mid Cap	-	101,279	-	101,279
International	-	39,036	-	39,036
Emerging Markets	-	108,811	-	108,811
		710,813	-	710,813
Commodities Fund	-	49,393	-	49,393
Real Estate Securities	-	106,234	-	106,234
Cash Equivalents	-	56,443	-	56,443
Total UMA Program Funds	-	1,883,796	-	1,883,796
Deferred Compensation Plan Money Market	392,089	-	-	392,089
Certificates of Deposit	-	108,960	-	108,960
Total Investments	392,089	1,992,756	-	2,384,845
Land Held for Sale	-	-	185,800	185,800
	$ 392,089	$ 1,992,756	$ 185,800	$ 2,570,645

	2015			
	Level 1	Level 2	Level 3	Total
Investments:				
UMA Program Funds:				
Fixed Income Funds:				
U.S. Taxable	$ -	$ 1,000,512	$ -	$ 1,000,512
High Yield	-	331,723	-	331,723
		1,332,235	-	1,332,235
Equity Funds:				
Large Cap	-	694,308	-	694,308
Small-Mid Cap	-	160,350	-	160,350
International	-	33,514	-	33,514
Emerging Markets	-	150,309	-	150,309
		1,038,481	-	1,038,481
Commodities Fund	-	46,324	-	46,324
Real Estate Securities	-	184,584	-	184,584
Cash Equivalents	-	74,436	-	74,436
Total UMA Program Funds	-	2,676,060	-	2,676,060
Deferred Compensation Plan Money Market	330,883	-	-	330,883
Certificates of Deposit	-	108,850	-	108,850
Total Investments	330,883	2,784,910	-	3,115,793
Land Held for Sale	-	-	185,800	185,800
	$ 330,883	$ 2,784,910	$ 185,800	$ 3,301,593

NOTE 4 INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

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).

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.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2016	2015
Furniture and Equipment	$ 530,897	$ 530,897
Software	572,455	173,804
Leasehold Improvements	79,913	79,913
Less: Accumulated Depreciation and Amortization	(715,022)	(630,970)
Property and Equipment, Net	$ 468,243	$ 153,644

Depreciation and amortization expense totaled $84,052 and $60,159 for the years ended December 31, 2016 and 2015, 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 $36,499 and $34,723 at December 31, 2016 and 2015, 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 December 31, 2016 and 2015, 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, 2016 and 2015, temporarily restricted net assets were restricted by time or were available for housing projects and other purposes, as stated below:

	2016	2015
General Mission/Rehabilitation	$ 2,572,714	$ 1,845,341
Veterans' Housing	1,368,941	1,500,495
Disaster Relief	10,000	314,084
Green Housing	80,000	113,505
Safe at Home	-	223,000
Time Restrictions	400,000	18,700
Accumulated Endowment Fund Earnings	187,664	141,115
Total Temporarily Restricted Net Assets	$ 4,619,319	$ 4,156,240

NOTE 7 NET ASSETS (CONTINUED)

Temporarily Restricted Net Assets (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. For the years ended December 31, 2016 and 2015, net assets released form restrictions were as follows:

	2016	2015
Satisfaction of Purpose Restrictions:		
General Mission/Rehabilitation	$ 4,368,767	$ 4,208,082
Disaster Relief	314,084	787,794
Veterans' Housing	1,682,452	593,337
Safe at Home	223,000	131,600
Green Housing	113,505	70,328
Neighborhood Stabilization	-	-
Capacity Corps	125,000	275,000
Conference	18,500	-
Endowment Spending for Operations	40,974	53,091
Total Released from Purpose Restrictions	6,886,282	6,119,232
Lapse of Time Restrictions	194,400	359,960
Total Released from Restrictions	$ 7,080,682	$ 6,479,192

Permanently Restricted Net Assets

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

	2016	2015
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
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	$ 861,485	$ 861,485

During the year ended December 31, 2015, certain donors who had previously provided permanently restricted endowed contributions requested the Organization to release and transfer those endowed contributions to unrestricted funds.

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.

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.

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law (Continued)

As of December 31, 2016 and 2015, the Organization's endowment had the following net asset composition:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted	$ -	$ 187,664	$ 861,485	$ 1,049,149
Board Designated				
Quasi-Endowment Fund	370,895	-	-	370,895
Total	$ 370,895	$ 187,664	$ 861,485	$ 1,420,044

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted	$ -	$ 141,115	$ 861,485	$ 1,002,600
Board Designated				
Quasi-Endowment Fund	370,895	-	-	370,895
Total	$ 370,895	$ 141,115	$ 861,485	$ 1,373,495

For the years ended December 31, 2016 and 2015, the endowment funds had the following activity:

	Board Designated Quasi-Endowment	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, December 31, 2014	$ 370,895	$ 175,386	$ 901,714	$ 1,447,995
Investment Income	11,608	12,009	-	23,617
Net Appreciation	2,932	6,811	-	9,743
	385,435	194,206	901,714	1,481,355
Appropriated	(14,540)	(53,091)	(40,229)	(107,860)
Endowment Net Assets, December 31, 2015	370,895	141,115	861,485	1,373,495
Investment Income	8,959	20,810	-	29,769
Net Appreciation	24,901	57,839	-	82,740
	404,755	219,764	861,485	1,486,004
Appropriated	(33,860)	(32,100)	-	(65,960)
Endowment Net Assets, December 31, 2016	$ 370,895	$ 187,664	$ 861,485	$ 1,420,044

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, 2016 and 2015.

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

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.

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 statements of functional expenses for the years ended December 31, 2016 and 2015, was $1,875,270 and $3,618,413, respectively.

NOTE 10 COMMITMENTS AND RISKS

Office Lease

On December 23, 2016, the Organization entered into a noncancelable lease ("new lease") for office and storage space that is effective July 1, 2017, and is scheduled to expire on June 30, 2030. Under the terms of the new lease, the base rent increases annually on an incremental basis. The lease provides for a lease abatement of the first twenty (20) months of the Term after the first month's rent payment upon lease execution, totaling $585,150 abatement. Additionally the lease provides for a tenant improvement allowance up to $723,000. There is no financial impact for this lease for the year ended December 31, 2016.

NOTE 10 COMMITMENTS AND RISKS (CONTINUED)

Office Lease (Continued)

As of December 31, 2016, future minimum lease payments for the new lease are as follows:

Year Ending December 31,		
2017	$	28,932
2018		-
2019		271,346
2020		369,317
2021		378,539
Thereafter		3,622,937
Total	$	4,671,071

Previous to the new lease, the Organization leased office and storage space under a noncancelable operating lease ("old lease") scheduled to expire November 30, 2018. Per sublease agreement effective October 18, 2016 ("sublease"), this old lease space will be sublet for $6,000 monthly, effective January 1, 2017, and will increase to $15,945 monthly effective July 1, 2017. Under the terms of the old 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 statements 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 $512,638 and $515,139 for the years ended December 31, 2016 and 2015, respectively.

As of December 31, 2016, future minimum lease payments due and future sublease income under the old lease and sublease are as follows:

Year Ending December 31,	Future Minimum Payments Due		Future Sublease Income	
2017	$	533,001	$	131,670
2018		499,686		175,395
Total	$	1,032,687	$	307,065

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, 2016, the cost of the capitalized equipment and the related accumulated amortization totaled $43,180 and $40,475, respectively. As of December 31, 2015, the cost of the capitalized equipment and the related accumulated amortization totaled $43,180 and $31,926, respectively.

As of December 31, 2016, principal future minimum lease payments total $3,592 through December 31, 2017.

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, 2016 and 2015, or its results of operations for the years then ended.

Hotel Commitments

The Organization has entered into an agreement with a hotel providing for room accommodations for its 2017 National Conference. This agreement contains a clause whereby the Organization is liable for liquidated damages in the event of cancellation. At December 31, 2016, the maximum potential amount of liquidated damages is approximately $68,000.

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, 2016, chapter insurance revenues and expenses totaled $317,308 (of which $53,206 represents administrative processing revenue) and $264,102, respectively. For the year ended December 31, 2015, chapter insurance revenues and expenses totaled $324,360 (of which $31,559 represents administrative processing revenue) and $292,801, respectively.

NOTE 12 CHAPTER PASS-THROUGH

Prior to 2016, the Organization received certain contributions on behalf of its local chapters. These contributions were designated by donors for specified local chapters. The Organization did not have the variance power to redirect these funds to other grantees. Accordingly, the contributions received on behalf of chapters were recorded as assets and liabilities in the accompanying financial statements. During 2016, the Organization changed the structure of the agreement and no longer accepts these pass-through contributions. The remaining balance from 2015 was included in corporate contributions revenue on the statement of activities for the year ended December 31, 2016. Accordingly, the total contributions received on behalf of the local chapters totaled $0 and $443,929 for the years ended December 31, 2016 and 2015, respectively. As of December 31, 2016 and 2015, $0 and $999,567, 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. In December 2015, the contributions were increased to 5% and there was no change in 2016. The Plan was established under the provisions of Internal Revenue Code Section 403(b). The Organization’s contribution to the Plan was $120,179 and $112,181 for the years ended December 31, 2016 and 2015, respectively, which is included in payroll taxes and benefits in the accompanying statements of functional expenses.