

LIFE REMODELED- A NON PROFIT CORPORATION

FINANCIAL STATEMENTS
With
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2015

LIFE REMODELED- A NON PROFIT CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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Bordman, Winnick & Trzos, PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Life Remodeled
Detroit, Michigan

We have audited the accompanying financial statements of Life Remodeled (a Michigan non profit corporation), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, changes in net assets (deficit) 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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.

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INDEPENDENT AUDITOR'S REPORT

(Continued)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Life Remodeled as of December 31, 2015, 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.



BORDMAN, WINNICK & TRZOS, PLC

Certified Public Accountants

West Bloomfield, MI

Employer ID NO. 45-3853943

March 21, 2016

LIFE REMODELED

STATEMENT OF FINANCIAL POSITION

As of 12/31/2015

ASSETS**Current Assets**

Cash & Cash Equivalents	\$	127,450	
Prepaid Expenses		12,915	
Pledges Receivable		42,595	
Total Current Assets			\$ <u>182,960</u>

TOTAL ASSETS			\$ <u><u>182,960</u></u>
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LIABILITIES AND NET ASSETS**Current Liabilities:**

Accounts Payable	\$	7,169	
Payroll Liabilities		2,912	
Credit Card Payable		5,427	
Total Current Liabilities			\$ 15,508

Net Assets:

Restricted Net Assets		6,907	
Unrestricted Net Assets		160,545	
Total Net Assets			167,452

TOTAL LIABILITIES AND NET ASSETS			\$ <u><u>182,960</u></u>
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See Notes to Financial Statements and Auditor's Report

LIFE REMODELED

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended 12/31/2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Grants	55,100	247,304	302,404
Public Contributions	62,881	25,200	88,081
Contributions from Churches	97,911	-	97,911
Contributions from Foundations	84,707	75,000	159,707
Contributions from Businesses	190,985	107,000	297,985
Documentary		6,681	6,681
In-Kind Contributions	4,287,712	-	4,287,712
Fundraising		96,610	96,610
Total Revenue	\$ 4,779,296	\$ 557,795	\$ 5,337,091
Net Assets Released from Temporary Restrictions	869,490	(869,490)	0
	<u>5,648,786</u>	<u>(311,695)</u>	<u>5,337,091</u>
Expenditures			
Program Service Expense	1,130,988	-	1,130,988
Program Service Expense - In-Kind	3,696,514	-	3,696,514
Administrative Expense	142,505	-	142,505
Administrative Expense - In-Kind	285,744	-	285,744
Fundraising Expense	177,308	-	177,308
Fundraising Expense - In-Kind	305,454	-	305,454
Total Functional Expenditures	5,738,513	-	5,738,513
Change in net assets	(89,727)	(311,695)	(401,422)
Net Assets, Beginning of year	250,272	318,602	568,874
Net assets, End of year	\$ 160,545	\$ 6,907	\$ 167,452

See Notes to Financial Statements and Auditor's Report

LIFE REMODELED

STATEMENT OF CASH FLOWS

For The Year ended 12/31/2015

	<u>Total</u>
Cash Flows from Operating Activities:	
Change in net assets	\$ (401,422)
Adjustments to reconcile changes in net assets to	
Net cash flows from operating activities	
Depreciation	
(Increase) decrease in operating assets:	
Prepaid Expenses	(3,061)
Pledges Receivable	(42,595)
Increase (decrease) in operating liabilities:	
Accounts payable	(2,281)
Payroll Liabilities	1,788
Other Accrued Liabilities	427
Net Cash Provided (Used) by Operating Activities	<u>(447,144)</u>
Cash Flows from Investing Activities:	
Net Cash Provided (Used) by Investing Activities	<u>0</u>
Net increase in Cash and Cash Equivalents	<u>(447,144)</u>
Cash and Cash Equivalents, Beginning of year	574,594
Cash and Cash Equivalents, End of year	\$ <u><u>127,450</u></u>

See Notes to Financial Statements and Auditor's Report

LIFE REMODELED

STATEMENT OF FUNCTIONAL EXPENSE

For The Year Ended 12/31/2015

	Program Service Expense	Administrative Expense	Fundraising Expense	Total
Apprenticeship Program	66,468			66,468
Contract Labor	66,000	48,358		114,358
Contract Service Program	116,322			116,322
Documentary			106,957	106,957
Donation Expense			1,375	1,375
Employee Benefits		18,867		18,867
Fundraising Expense			19,636	19,636
In Kind Apprenticeship Program	22,749			22,749
In Kind Administrative Services		285,744	55,933	341,677
In Kind Goods & Services- Beautifications	2,696,264			2,696,264
In Kind Goods & Services- Cody High School	13,000			13,000
In Kind Goods & Services-Documentary			249,521	249,521
In Kind Goods & Services- Osborn High School	840,139			840,139
In Kind Goods & Services-Pulaski Elemetary	124,362			124,362
Liability Insurance	24,925			24,925
Marketing		4,655	128	4,783
Meetings			4,358	4,358
Office Supplies		11,354		11,354
Payroll Expense		50,524	41,667	92,191
Payroll Tax Expense		3,865	3,187	7,052
Professional Fees		4,000		4,000
Program Expense - Beautification	229,771			229,771
Program Expense - Cody High School	10,827			10,827
Program Expense - Osborn High School	593,908			593,908
Scholarship Program	22,100			22,100
Training		882		882
Workers Comp Insurance	667			667
Total	\$ 4,827,502	428,249	482,762	5,738,513
Total Expense			\$	<u>5,738,513</u>

See Notes to Financial Statements and Auditor's Report

LIFE REMODELED- A NON PROFIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

1. STATEMENT OF PURPOSE:

Life Remodeled- A Nonprofit Corporation is a non-profit organization that exists to remodel lives – one neighborhood at a time. The Organization uses holistic strategies to make dramatic and immediate impact in communities and to establish foundations for long-term sustainable growth and development.

The Organization's annual project includes remodeling a Detroit school each summer to help create academic and athletic improvements and to restore the school as a source of pride within the community. Additionally, the Organization believes in partnering with local residents to remove blight in the surrounding area and create safe and inspirational pathways to the school, helping to build up and sustain a neighborhood that radiates hope to the rest of the city.

The Organization continues to work in these neighborhoods for years to come to enhance the schools, revitalize housing, increase employment opportunities, and cultivate long-term relationships, all of which enable the development of healthy and thriving communities.

The Organization's primary sources of revenue and support are grants and contributions.

2. SUMMARY OF ACCOUNTING POLICIES:

Summary of accounting policies of Life Remodeled- A Nonprofit Corporation (Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

LIFE REMODELED- A NON PROFIT CORPORATION**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015****3. CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents are defined as cash on hand and demand deposits in banks plus short term investments that are readily convertible to cash as well as investments with original maturities of three months or less. Cash and Cash Equivalents include cash which is held in restricted accounts.

4. CONCENTRATION OF RISK:

The Organization places its cash with high credit qualified financial institutions and does not believe it is exposed to any significant credit risks in cash and short-term investments.

5. PROPERTY AND EQUIPMENT:

Property and equipment purchased by the Organization are carried on its books at cost. Assets donated to the Organization have been recorded at their estimated value at the date of receipt. Expenditures for major betterments and additions are charged to the property accounts, while replacements, maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently. The Organization's policy is to capitalize expenditures in excess of \$1000. Lesser amounts are expensed as incurred and included in the statement of activities. The Organization currently has no property and equipment that is depreciated. However, the Organization is currently holding some landscaping equipment that will be used during the 2016 project.

6. FINANCIAL STATEMENT PRESENTATION :

Financial statement presentation follows the requirements of the Financial Accounting Standard Board in its Accounting Standards Codification (ASC) Statement 958. In accordance with ASC 958, the Organization reports information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no permanently restricted net assets.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets. The Organization has no permanently restricted net assets.

CONTRIBUTED GOODS AND SERVICES

Contributed goods and services are recorded at fair value as revenues and expenditures in the period pledged. The estimated value of Contributed Goods and Services are classified as In-Kind Contributions and In-Kind Goods & Services in the Financial Statements.

LIFE REMODELED- A NON PROFIT CORPORATION**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

6. FINANCIAL STATEMENT PRESENTATION :(Continued)

During the year, Life Remodeled revitalized the Osborn Community in Detroit, Michigan. The project was supported by approximately 9,500 volunteers who donated their services for planning, execution and fundraising for the project. The Organization estimated 75,042 volunteer hours @ \$22.96 per hour totaling \$1,722,964. These services amounted to additional in-kind contributions.

In-Kind Contributions of goods include materials, supplies, equipment, landscaping materials and administrative services donated by various companies. The fair market value of these donations is estimated at \$ 2,564,748 and included in the In-Kind Contributions and In-Kind goods & Services. A written verification was provided by the vendors. The total of In-Kind contribution is \$4,287,712.

GRANT REVENUE

One of the major sources of revenue for the Organization is from grants. The funds available under grants are recognized as revenue in the accounting period when the expenditures are incurred and the grant funds are earned.

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are charged directly to a program based on specific identification. Certain expenses have been allocated among programs, operations and fundraising on various bases and estimates. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different results.

7. INCOME TAXES:

The Organization is a non-profit organization exempt from Federal income taxes under Section 501(c) (3) of the Internal Revenue Code and therefore, is not subject to tax under Federal income tax laws.

8. FAIR VALUE MEASUREMENT:

FASB ASC Topic 820, Fair Value Measurements, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, level 2 inputs consists of observable inputs other than quoted prices for identical assets, and level 3 inputs have the lowest priority. The carrying values of grants receivable and cash and cash equivalents in the accompanying statements of financial position approximate fair value at December 31, 2015.

LIFE REMODELED- A NON PROFIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

9. ASC 740-10 DISCLOSURE

In December 2008, the Financial Accounting Standards Board issue FASB Staff Position (FSP) ASC 740-10, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises." (FSP) ASC 740-10 permits an entity within its scope to defer the effective date of FASB Interpretation 48, *Accounting for Uncertainty in Income Taxes (FASB Accounting Standards Codification (ASC) 740, Income Taxes)*, to its annual financial statements for fiscal years beginning after December 15, 2008. The Company has elected to defer the application of the uncertain tax position provisions of ASC 740 for the year ended December 31, 2015. The Company evaluates its uncertain tax positions using the provisions of ASC 450, *Contingencies*. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized.

The Unrecognized Tax Benefits are:

The amount of unrecognized tax benefits that, if recognized would affect the effective tax rate:

Program Service Revenue	\$ (401,422)
Investment Income	0
Other Revenue – Exempt Function Interest	<u>0</u>
Total	<u><u>\$ (410,422)</u></u>

LIFE REMODELED- A NON PROFIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

10. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets at December 31, 2015 consisted of the following:

	Restricted 01/01/15	Restricted Donations	Restrictions Released	Restricted 12/31/15
The Skillman Foundation	270,475	10,400	276,868	4,007
Osborn Project	37,000	103,291	140,291	0
BASF Corporation	10,724	34,000	44,724	0
90 Day Challenge	403	0	403	0
Individual Donors	0	25,200	22,300	2,900
Community Foundation for SE Michigan	0	42,500	42,500	0
Black Family Development	0	91,904	91,904	0
The Lloyd and Mabel Johnson Foundation	0	100,000	100,000	0
TE Connectivity Foundation	0	25,000	25,000	0
Lorraine & Leroy Campbell Foundation	0	50,000	50,000	0
Comerica Trust	0	2,500	2,500	0
Accenture LLP	0	3,000	3,000	0
Taubman	0	45,000	45,000	0
Premier Design	0	25,000	25,000	0
	<u>318,602</u>	<u>557,795</u>	<u>869,490</u>	<u>6,907</u>

11. EVENTS OCCURRING AFTER REPORTING DATE:

The Organization has evaluated events and transactions for potential recognition or disclosure through March 21, 2016, the date that the financial statements were available to be issued.

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

The Board of Directors
Life Remodeled
Detroit, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Life Remodeled which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon June 8, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Life Remodeled's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the effectiveness of Life Remodeled's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Life Remodeled's internal control. Accordingly, we do not express an opinion on the effectiveness of the Life Remodeled'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Life Remodeled's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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. 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.

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Detroit, Michigan

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Life Remodeld'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 material effect on the determination of 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 or other matters that are required to be reported under Auditing Standards.

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 results of that testing, and not to provide an opinion on the effectiveness of Life Remodeld's internal control or on compliance. This report is an integral part of an audit performed in accordance with Auditing Standards in considering Life Remodeld's internal control and compliance. Accordingly, this report is not suitable for any other purpose



BORDMAN, & WINNICK & TRZOS, PLC
Certified Public Accountants
West Bloomfield, Michigan
March 21, 2016