

LIFE REMODELED- A NON PROFIT CORPORATION

FINANCIAL STATEMENTS
With
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2016

LIFE REMODELED- A NON PROFIT CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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Bordman, Winnick & Trzos, PLLC
Certified Public Accountants

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Bela B. Vyas, C.P.A.

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, 2016, 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, 2016, 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

May 1, 2017

LIFE REMODELED

STATEMENT OF FINANCIAL POSITION

As of 12/31/2016

ASSETS**Current Assets**

Cash & Cash Equivalents	\$	375,969	
Prepaid Expenses		13,278	
Pledges Receivable		16,424	
Total Current Assets			\$ <u>405,671</u>

Fixed Assets

Furniture and Equipment		7,540	
Accumulated Depreciation		(1,508)	
			<u>6,032</u>

TOTAL ASSETS			\$ <u><u>411,703</u></u>
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LIABILITIES AND NET ASSETS**Current Liabilities:**

Accounts Payable	\$	7,700	
Payroll Liabilities		6,271	
Credit Card Payable		13,587	
Total Current Liabilities			\$ 27,558

Net Assets:

Restricted Net Assets		114,981	
Unrestricted Net Assets		269,164	
Total Net Assets			384,145

TOTAL LIABILITIES AND NET ASSETS			\$ <u><u>411,703</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 12/31/2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Grants	-	210,000	210,000
Public Contributions	61,570	50,000	111,570
Contributions from Churches	35,063	9,535	44,598
Contributions from Foundations	160,298	58,800	219,098
Contributions from Businesses	111,897	109,500	221,397
In-Kind Contributions	4,463,171	-	4,463,171
Fundraising	106,361	168,120	274,481
Total Revenue	\$ 4,938,360	\$ 605,955	\$ 5,544,315
Net Assets Released from Temporary Restrictions	497,881	(497,881)	0
	<u>5,436,241</u>	<u>108,074</u>	<u>5,544,315</u>
Expenditures			
Program Service Expense	612,304	-	612,304
Program Service Expense - In-Kind	4,147,068	-	4,147,068
Administrative Expense	117,808	-	117,808
Administrative Expense - In-Kind	272,487	-	272,487
Fundraising Expense	132,524	-	132,524
Fundraising Expense - In-Kind	45,431	-	45,431
Total Functional Expenditures	5,327,622	-	5,327,622
Change in net assets	108,619	108,074	216,693
Net Assets, Beginning of year	160,545	6,907	167,452
Net assets, End of year	\$ <u>269,164</u>	\$ <u>114,981</u>	\$ <u>384,145</u>

See Notes to Financial Statements and Auditor's Report

LIFE REMODELED

STATEMENT OF CASH FLOWS

For The Year ended 12/31/2016

	<u>Total</u>
Cash Flows from Operating Activities;	
Change in net assets	\$ 216,693
Depreciation Expense	1,508
Adjustments to reconcile changes in net assets to	
Net cash flows from operating activities	
Depreciation	
(Increase) decrease in operating assets:	
Prepaid Expenses	(363)
Pledges Receivable	26,171
Increase (decrease) in operating liabilities:	
Accounts payable	531
Payroll Liabilities	3,359
Other Accrued Liabilities	8,160
Net Cash Provided (Used) by Operating Activities	<u>256,059</u>
Cash Flows from Investing Activities:	
Purchase of Fixed Assets	<u>(7,540)</u>
Net Cash Provided (Used) by Investing Activities	<u>(7,540)</u>
Net increase in Cash and Cash Equivalents	<u>248,519</u>
Cash and Cash Equivalents, Beginning of year	127,450
Cash and Cash Equivalents, End of year	<u>\$ 375,969</u>

See Notes to Financial Statements and Auditor's Report

LIFE REMODELED

STATEMENT OF FUNCTIONAL EXPENSE

For The Year Ended 12/31/2016

	Program Service Expense	Administrative Expense	Fundraising Expense	Total
Contract Labor	26,557	62,850		89,407
Depreciation	1,508			1,508
Director and Officer's Insurance		1,943		1,943
Employee Benefits	10,829		10,829	21,658
Fundraising Expense			45,431	45,431
In Kind Administrative Services		272,487	43,615	316,102
In Kind Goods & Services- Beautifications	2,982,273			2,982,273
In Kind Goods & Services- Community Asset	778,429			778,429
In Kind Goods & Services-Home Repairs	386,366			386,366
Liability,Equipment & W/C Insurance	26,279			26,279
Marketing		1,238	16,611	17,849
Meetings			7,644	7,644
Office Expense		15,155		15,155
Payroll Expense	113,615	26,311	50,000	189,926
Payroll Tax Expense	8,692	2,013	3,825	14,530
Professional Fees		4,523		4,523
Program Expense - Beautification	178,800			178,800
Program Expense - Community Asset	185,348			185,348
Program Expense - Home Repair	23,633			23,633
Scholarship Program	25,318			25,318
Skillman Projects	11,725			11,725
Training		3,775		3,775
Total	\$ <u>4,759,372</u>	\$ <u>390,295</u>	\$ <u>177,955</u>	\$ <u>5,327,622</u>
Total Expense			\$ <u>5,327,622</u>	

See Notes to Financial Statements and Auditor's Report

LIFE REMODELED- A NON PROFIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. STATEMENT OF PURPOSE:

Life Remodeled is a Detroit-based nonprofit that invests approximately \$5 million in cash, labor and materials into one Detroit neighborhood each year. Projects are determined by the community's needs and vision. Life Remodeled partners assist in three areas: Remodeling a school or other community asset, repairing owner-occupied homes, and mobilizing 10,000 volunteers to clean up 300 city blocks in six days.

More important than the physical projects are the relationships that are formed in the process. Every phase is about people-transformation, those served and those who are serving. Relationships born of this approach are a catalyst to create transformation and sustainable neighborhoods crucial to making Detroit's revitalization permanent.

The Organization's partners continue 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, 2016

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 \$7,540 property and equipment that is depreciated over five years. The Organization is currently holding some landscaping equipment that will be used during the 2017 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, 2016

6. FINANCIAL STATEMENT PRESENTATION :(Continued)

During the year, Life Remodeled revitalized the Denby Community in Detroit, Michigan. The project was supported by approximately 10,700 volunteers who donated their services for planning, execution and fundraising for the project. The Organization estimated 89,480 volunteer hours totaling \$2,070,532. 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 \$ 2,279,541 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 \$4,463,171.

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, 2016.

LIFE REMODELED- A NON PROFIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

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, 2016. 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	\$ 216,693
Investment Income	0
Other Revenue – Exempt Function Interest	<u>0</u>
Total	<u>\$ 216,693</u>

LIFE REMODELED- A NON PROFIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

10. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets at December 31, 2016 consisted of the following:

	Restricted 01/01/16	Restricted Donations	Restrictions Released	Restricted 12/31/16
Grants	\$ 4,007	\$ 210,000	\$ 214,007	\$ -
Foundation	-	58,800	57,236	1,564
Individual Donors	2,900	50,000	40,783	12,117
Businesses	-	109,500	105,800	3,700
Church	-	9,535	9,535	-
Fundraising	-	168,120	70,520	97,600
	<u>\$ 6,907</u>	<u>\$ 605,955</u>	<u>\$ 497,881</u>	<u>\$ 114,981</u>

11. EVENTS OCCURRING AFTER REPORTING DATE:

The Organization has evaluated events and transactions for potential recognition or disclosure through May 1, 2017, 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, 2016, 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 May 1, 2017.

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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STATEMENTS PERFORMED IN ACCORDANCE WITH *AUDITING STANDARDS***

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Life Remodeled'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 Remodeled's internal control or on compliance. This report is an integral part of an audit performed in accordance with Auditing Standards in considering Life Remodeled'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
May 1, 2017