

ANNUAL REPORT 2015



Roger de Moor
El Paso, December 2015

2017-2018 Board of Directors

Roger de Moor

Retired Industrial Executive
President and CEO

Laird Smith

Lecturer UTEP
Vice President

Karin Smith

CPA at SBNG Accounting Firm
Treasurer

Dr. Joseph O'Connor

Professor at UTEP (ret.)
Secretary

Home Review

Roger de Moor a.i.

Contractor Liaison

Retired Military
Merrill Darag

Volunteer Coordination

Professors at EPCC
Alexandra & Oscar Macedo

Logistics

Army Sgt Major
Darren McCrae

Warehouse

Logistic Mgr at Roger's Foam
Sebastian Smith

Fundraising

Roger de Moor (a.i.)

Public Relations

Snr Accountant
Julie Vasquez

Advisory Board

Retired Industrial Executive
Bob McCrae

Emergency Medicine Physician

Dr Ettie Wells

Retired Manager Boeing

Raul Grajeda

Introduction

Rebuilding Together El Paso's activities are for 100% supported by volunteers, who are inspired to help the needy in El Paso. This support ranges from once a year spending time to paint a home, to serving on the Board and being responsible for running (part) of the organization.

The Board and Committee members are motivated is to give back to the community. Some of us spend precious time left after pursuing a career during daytime. Some of us see it as an opportunity to do something meaningful during our retirement.

Yet, it is a challenge to find people with the inspiration and available time, to replace the ones who were not aware of the requirements of having to contribute effort and time as volunteers.

El Paso is a relatively poor city, which is often reflected in the housing conditions of many of its citizens. That some residents have very low incomes drives the need for help with home repairs. A bigger challenge than many realize (El Paso is the 19th city in the USA by population, but also the 8th poorest one having more than 250.000 citizens), El Paso has to be seen as one of the major priorities for an organization like Rebuilding Together.

Yet our efforts reach only a minor part of those who need it. Of those who find their way to Rebuilding Together (an estimated 5% of El Pasoans have heard about us), only 30% can be adopted into the program. The limitations are defined by money and capacity.

Housing is just one of the urgencies; there are many more. Addressing hunger and medical needs are other pressing issues. This makes it the competition for charity money challenging.

We are running the organization of our non-profit as a business. The financial responsibility to spend almost \$200,000 effectively is important, but also managing the continuity of the organization, the interaction with its stakeholders, not to mention the aspiration to grow the outreach to more low income homeowners.

Helping people with their critical repair needs is important, but our aspiration is to elevate this support to revitalization of the community around these homeowners.

Without the volunteers, donors and community support this would not be possible. We would like to mention in particular the people who participate in the Board and Committees :

Hayde Clark, Manny Intencio, Ginny Fischer, Lance Fitzpatrick, Ramon Fitzpatrick, Nabeel Gadit, Raul Grajeda, Dr. Daniel Hall, Darlene Luna, Bob McCrae, Roger de Moor, Karin Smith, Laird Smith, Sebastian Smith, Jeffrey Telepak, Julie Velasquez, Dr. Ettie Wells, Marion Ziems, Joe Zubia

1. Executive summary

Rebuilding Together El Paso is a non-profit organization, providing critical repairs to low income elderly and/or disabled homeowners. Started in 1991, as an initiative of the Junior League of El Paso under the franchise name of "Christmas in April", the organization became some years later an independent affiliate of the national office of Rebuilding Together in Washington D.C. The origin of "Christmas in April" is in Midland Texas, started in 1973 as grassroots activism and community engagement activity.

The relationship with the Rebuilding Together National Office gives access to a national platform for the exchange of experience, resources, strategic developments, as well as pass-through of grants from national corporations.

Traditionally Rebuilding Together affiliates draw financial resources from the HUD initiated CDBG program for larger cities and urban counties to develop viable communities by providing decent housing, a suitable living environment and by expanding economic opportunities, principally for low and moderate income persons.

For a number of years the El Paso affiliate has successfully applied for CDBG grants, which have been a substantial part of its revenue.

The conditions of the CDBG grant have provided a framework of working rules for RTEP, like age and income requirements for clients, as well as exclusion of homes that are RV's and apartments. RTEP clients must own their own home. In order to address incidental specific requirements beyond the city of El Paso, the bylaws have been adjusted to include opportunities in the county of El Paso. Besides CDBG grants, RTEP is acquiring an increasing number of other grants from local organizations, as well as from corporate sources.

Rebuilding Together is a volunteer organization, fully depending on the availability and commitment of its Board and Committee members. In the execution of its mission it is using contractors and unskilled labor from volunteers. Lately opportunities to recruit skilled labor have emerged. A strategic alliance with El Paso's Home Depot stores has just been initiated, providing financial support, skilled labor and in-kind materials.

Strong relationships have been developed with local organizations for the recruitment of volunteers. The cooperation with UTEP as a volunteer organization has been mostly developed in the participation of UTEP's Project Move, involvement in the Event Day and marketing analysis projects by students.



Our non-profit spends less than 5% of the total costs of the organization are spent for the administration and more than 95% goes to the program itself. This is well within the National Office's financial structure, which makes Rebuilding Together consistently top-rated on the Charity Navigator (four out of four stars).

2. Accounting Principles and practices

The business construction of a non-profit like Rebuilding Together is relatively simple. The incoming cash flow is generated by grants and fundraising, while the outgoing cash flow is preliminary for paying contractors and materials. Besides that there are minor costs to run the business. The activity requires so far no investments, except in current assets like inventory, which is kept at historical costs. Costs are recognized when they are committed through received invoices and income is recognized when earned through confirmation of grants or reimbursement requests, both translated into accounts payable and receivable.

The General Accepted Accounting Principles (GAAP) are applied, which is relevant for proper business control as verified by an independent audit and for the presentation of the financial data to corporate donors.

Management is responsible for the preparation and fair representation of financial statements in accordance with mentioned accounting principles; which includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

For financial matters Rebuilding Together follows the fiscal year, starting on June 1 and ending on May 31. The reimbursement activity and references have to comply with the fiscal year definition of the City of El Paso, starting on September 1 and ending on August 31.



The business principle related to the CDBG Grant is very sensitive to liquidity problems. The Grant we receive from CDBG is a pledge against which we have to receive reimbursements after the repairs have taken place. The City requires time to process these reimbursements, which can take up to three months. Based on the old "Christmas in April" principle, most of the critical repairs took place in the later part of the year and the first months of the year as to prepare for the Event Day in April.

The concentration of the repairs in this part of the year, provoked a liquidity problem for the organization. The partnership with Western Refining (which ceased in August 2014) provided a financial buffer, in which we could temporarily use their funds.

In order to avoid these liquidity problems, an effort is made to spread out the activities over the year, also supported by three Event Days : Project Move, National Rebuild day and Veterans Day.

Also a proactive financial planning tool has been developed in order to balance the reimbursements with commitment to contractors.

3. Balance sheet

STATEMENTS OF FINANCIAL POSITION
MAY 31, 2015 AND 2014

	2015	2014
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 12,254	\$ 24,787
Prepaid expenses	938	2,902
Grants receivable	45,289	41,136
Inventory	17,728	16,639
Total Current Assets	76,209	85,464
FURNITURE, FIXTURES & EQUIPMENT, NET	-	-
TOTAL	\$ 76,209	\$ 85,464
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable	\$ -	\$ 18,312
Total liabilities	-	18,312
NET ASSETS		
Unrestricted	76,209	67,152
Total net assets	76,209	67,152
TOTAL	\$ 76,209	\$ 85,464

Inventory is kept at historical value and is as much as possible used on the first in/first-out principle. The Grants Receivable reflects the amount pledged by CDBG and USAA and not yet requested for reimbursement or received.

Since the organization has no investments (furniture has either been donated or depreciated), all assets are current and since we were on par in the payments to contractors, we show a very healthy equity, equal to the working capital.

4. Cash flow Statement

REBUILDING TOGETHER-EL PASO, INC.

STATEMENT OF CASH FLOWS
YEARS ENDED MAY 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 9,057	\$ 11,797
(Increase) decrease in current assets:		
Prepaid expenses	1,964	(1,924)
Grants receivable	(4,153)	5,943
Inventory	(1,089)	(5,604)
Increase (decrease) in current liabilities:		
Accounts payable	<u>(18,312)</u>	<u>5,882</u>
Net cash provided by (used in) operating activities	<u>(12,533)</u>	<u>16,094</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,533)	16,094
CASH AND CASH EQUIVALENTS, Beginning of year	<u>24,787</u>	<u>8,693</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 12,254</u>	<u>\$ 24,787</u>

The cash position has been reduced by the elimination of the account payables of \$18,312, compensated by an increase of the Grants Receivable and inventory. The cash amount is by far exceeding the requirement to buy materials for an Event Day and as such supporting the basic activities. Critical repairs have to be paid by the Grant Receivable, which also gives room for continuation of the activities. In the section 6. Operations, a more in-depth analysis will be give of the costs of the activity and required cash.

5. Statement of functional expenses.

2015

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Automobile mileage	\$ 219	\$ -	\$ -	\$ 219
Conference and travel	2,465	-	-	2,465
Donations	-	-	-	-
Dues and fees	9,754	-	-	9,754
Fundraising	-	-	11,959	11,959
Home Repairs Expense	114,927	-	-	114,927
Insurance	3,172	1,206	-	4,378
In-kind professional services	76,310	8,840	3,250	88,400
Logistics	1,370	-	-	1,370
Miscellaneous	21	19	-	40
Postage	13	107	-	120
Printing and publications	676	-	-	676
Professional fees	4,000	-	-	4,000
Program volunteer support	4,834	-	-	4,834
Public relations	625	-	-	625
Rent	12,194	120	-	12,314
Office supplies	-	1,015	-	1,015
Telephone	701	-	-	701
Utilities	384	-	-	384
Warehouse trash removal	-	-	-	-
Web design and social media	300	576	-	876
Total expenses reported by function on the Statements of Activities	<u>\$ 231,965</u>	<u>\$ 11,883</u>	<u>\$ 15,209</u>	<u>\$ 259,057</u>

This statement shows that the Program related costs are 95% of the total costs, while the administrative costs are less than 5% of the total. An important part of the costs are covered by in-kind professional fees for the activities of the Treasurer and CEO. Without these activities the organization would not run and grow. The dues and fees are mandatory and are paid to the National organization.

The primary activity of Home Repairs and volunteer support for the painting of the homes totals \$119,761.

The rent and utilities (\$12,578) are paid for the warehouse/meeting room, on the basis of an annually renewed contract.

Rebuilding Together organized a fundraising activity (Casino Night) which generated a revenue of \$22,883 against an expense of \$11,959.

The dues to be paid to the national Office are 5% of the annual revenue, or \$8,387. The returns are both quantitative as well as qualitative. The quantitative part comes from the pass through grants from corporations. In the fiscal year 2015-2016 we received a grant from USAA : \$10,000, while in the current fiscal year we received through National a Lowe's Grant of \$14,720.

Rebuilding Together El Paso is an active participant in the Region 10 team, receiving advice from experienced affiliate colleagues, but it is also increasingly participating in National activities. The trips to Washington DC are subsidized. Training is mostly received through webinars and training manuals are received in electronic form.



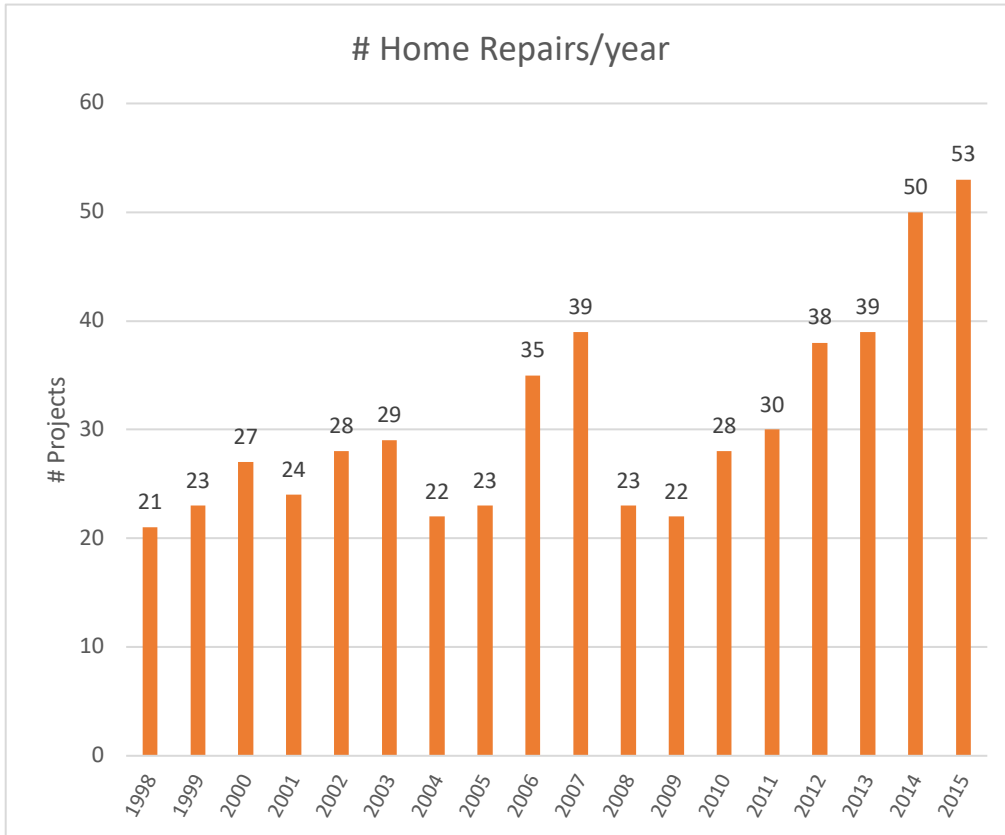
6. Operations

6.1. Primary impact

The mission of Rebuilding Together is:

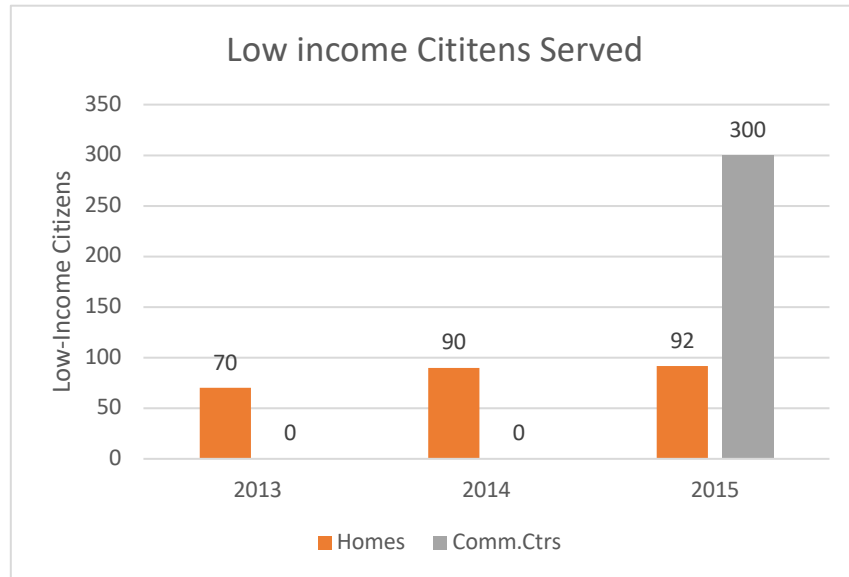
Together we transform the lives of low-income and/or disabled homeowners by improving the safety and health of their home and by revitalizing their communities, as to extend to opportunity to live a decent and independent life in their own home.

So far we have measured as direct outcome of this mission the number of homes which were subjects of repairs and improvement.



A better or additional measurement would be the number of people who benefit from these repairs. This would prioritize those homes with more occupants, or community centers supporting low income citizens. One of the activities in 2015 was the Veterans Community Center at Dyer, in which the restrooms were renovated, using a grant from USAA.

The opportunity to support a Community Center for low income veterans significantly boosted the number of citizens we serve to close to 400. This opportunity was a rare opportunity and without this activity we just reached just above 90 low income home occupants.



6.2. Costs per home

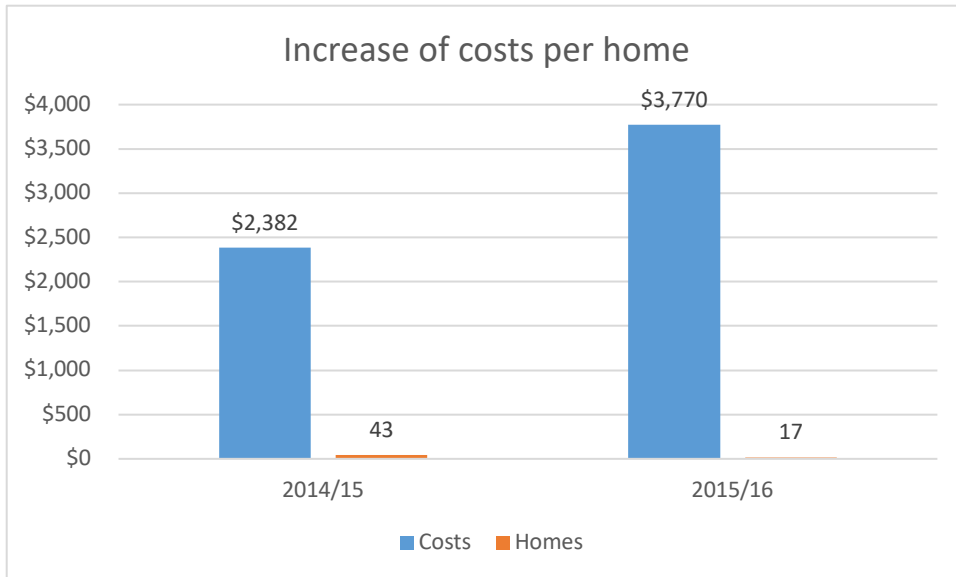
The contract with CDBG is allowing for a certain average expenditure per home. Whereas the maximum allowed is \$4,999, the average is defined by the amount of the grant and the number of homes to be committed.

The 2015-2016 grant is \$84,918 of which \$65,523 for the direct repair costs for 31 homes, or \$2,113 per home.

The contract with the city requires an extra 10% from external sources, but the budget construction is to have these funds covering non-repair related costs.

In the fiscal year 2014-2015 we managed to keep the average costs close to what the CDBG contract allows. A drastic increase of costs per home has been observed in the running fiscal year. A possible reason is that we recruit the homes from different districts in the city. In the fiscal year 2014-2015 these homes came from district 2 and 4, while in the current fiscal year we serve homes from district 3 and 5. District 4 was a more recent developed part of the city, with homes in better condition.

District 5 is a significantly newer area and creates a challenge of finding the targeted number of homes for the current fiscal year.



The significant increase in the average costs is well illustrated by the condition of the Woolridge home in District 3:

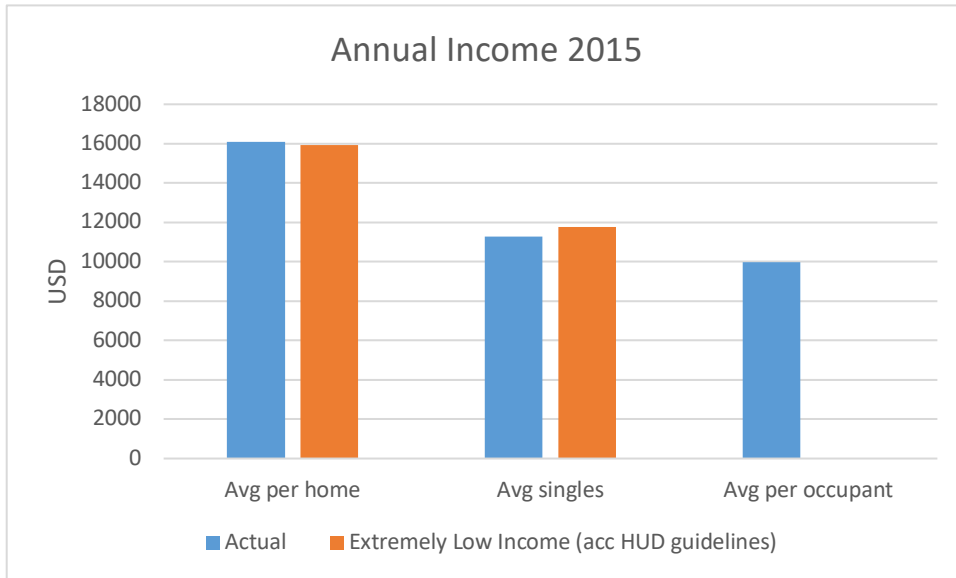


The average costs of \$3,770 are beyond the financial capacity of our non-profit organization. For the coming fiscal year this can be anticipated by a reduction of the number of homes, as such increasing the allowed amount per home, but for the running fiscal year other approaches have to be found, such as combining the grants of corporations with the CDBG money. The above example of Woolridge is such a case, where the Lowe's Grant was supplemented by the CDBG funds. Other approaches are to select homes with lower repair costs and keeping the expensive homes on the waiting lists. A cooperation with Project Bravo is being explored as well, although whereas Project Bravo is limited to weatherization and cooling/heating.

6.3.Homeowners

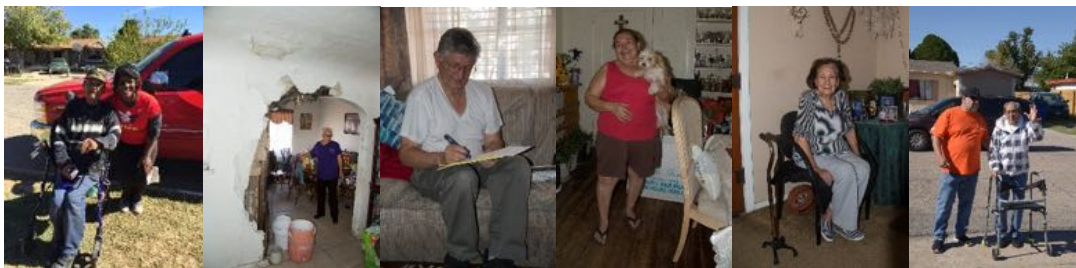
Of all homeowners we served in 2015, the average income per household was \$1,340/month or \$16,080/year. If we would exclude the households with more family members, then the average income of single households was \$11,280/year and when we take the average income over all 92 family members then the outcome is \$9,972

Conclusion : Rebuilding Together El Paso is supporting the extreme low income homeowners (acc. HUD Standards)



Homeowners who ask support from Rebuilding Together appear to be for 80% female. This could reflect the higher life expectancy of females and/or the fact that men are more used taking care of the maintenance of their home.

A remarkable 33% of the homeowners are non-Hispanic. The average time that they have lived in their home is 33 year, with extremes of 80 years. Of all homeowners we served 25% are disabled, although other family members could also fall into this category.



6.4. Kind of repairs

The most expensive repairs are complete roof replacements. In some cases we can limit the roof repair to specific areas, which keeps the costs down. The costs of roof repair can go up to \$5,000 or more.

Other high cost repairs are encountered when a bath tub has to be converted into a shower, which assists the elderly with physical limitations. The costs of such a conversion are between \$2,000 and \$3,000, depending on how drastic the changes are required.

Other repairs are replacement of fascias at the exterior, resolving plumbing problems in bathrooms and kitchens, installing grab bars and improving access for the disabled.



6.5. Volunteers

Besides the critical repairs in the qualifying homes, Rebuilding Together organizes home painting and yard cleaning activities. These projects are typically done during Event Days, taking care of many more homes at the same time. Since 2014, we have been spreading these Event Day activities over the year. The name Christmas in April originated from the National Rebuild day on the last Saturday of April. Now homes are painted during several Event Days during the year. In 2015 :

March	: Project Move with UTEP	10 Homes
April	: National Rebuild Day	25 Homes
November	: Veterans Day	5 Homes

The total number of volunteers in these activities are about 1000, mostly organized as teams coming from entities representing a very good cross section of the community:

- El Paso Electric
- Starbucks
- USAA
- EP Juvenile Probation
- Fort Bliss
- Church Groups
- Boeing
- Young CPA's
- Adult Protective Services
- High Schools
- Raytheon
- Title Companies
- UTEP
- Walgreens
- EP Chihuahuas



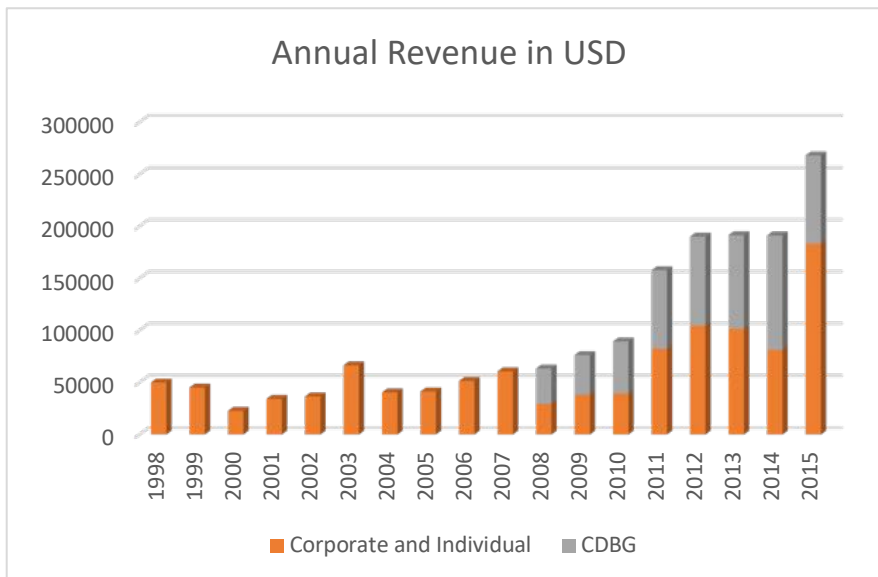
These teams of volunteers bring contribute with a lot of enthusiasm to the painting and yard cleaning activities. They provide their basic skills for these tasks.

A challenge is to arrange for skilled volunteers. Some affiliates are doing this by training classes for specific skills, while we had two good experiences this year, by having Lowe's and Home Depot brings in teams of volunteers. Doors were installed, a kitchen was replaced, carpet was laid and a fence was set up.



In the month of October, we entered into a partnership with Home Depot in El Paso. Rebuilding Together will integrate the community support activities in its structure, while Home Depot will adopt a home on a quarterly basis. Home Depot will also make home improvement material available from its El Paso stores and help to increase the capacity of the Rebuilding Together warehouse. This partnership will provide skilled labor on a more structural basis.

7. Fundraising



CDBG has been a major funding source since 2008. Increasing amounts have been awarded to Rebuilding Together, based on a good track record and trust. Rebuilding Together has always complied with the committed number of homes, the reimbursement timing and reporting accuracy as well as the annual audit.

It might also be clear that the dependency on the substantial CDBG Grant is very risky and that efforts must be made to diversify more and increase the contributions of individuals and corporations.

In 2015 we have received grants from the following corporations:

- Lowe's : \$14,720
- Bank of America : \$ 5,500
- Home Depot : \$ 4,000
- USAA : \$10,000
- Wells Fargo : \$12,550
- Fred Loya Ins. : \$ 5,000

Other revenue was created by a fundraiser "Casino Night", which generated a revenue of \$22,000.

8. Strategic Intent

Rebuilding Together El Paso is a member of a so-called "Transformer" Taskforce at the National level. Together with 8 other affiliates and Rebuilding Together National the strategic intention is to align around an organizational roadmap to become a stronger community revitalization partner.

The focus points of this effort are:

- Strengthen the services we deliver, with a focus on Safe and Healthy Housing.
- Implement more common and uniform practices
- Create a stronger culture and infrastructure
- Increase the revenue streams
- Build a stronger engagement with our brand

The goal is to elevate the organization from arranging for critical repairs to revitalization of the community, by looking for synergy between our services and the involvement and impact on the neighborhood.

The El Paso strategic plan is based on 5 objectives:

1. Preserve Safe and healthy home conditions in the low income neighborhoods of El Paso. Extending home improvements to revitalization of communities.
2. Increase the brand equity of rebuilding Together in the El Paso community.
3. Increase corporate and private donations so as to balance CDBG grants
4. Strengthen our affiliate's organization by recruitment, training, systems and financial transparency
5. Strengthen our cooperation with other non-profit organizations in El Paso.