

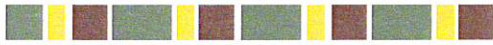
MODCON LIVING, INC.

FINANCIAL STATEMENTS

December 31, 2019 and 2018

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Independent Auditors' Report

To the Members and Board of Trustees
ModCon Living, Inc.

We have audited the accompanying financial statements of ModCon Living, Inc. (hereafter "the Organization"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses 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 of 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 risk 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 principles 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.

Opinion

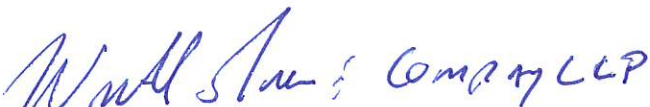
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019, and the changes in its net assets, its cash flows and its functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters – Other Information

In June 2018 (effective date years beginning after December 15, 2018), the Financial Accounting Standards Board (FASB), issued accounting standards update (ASU) 2018-08, Not for Profit (Topic 958) – *Clarifying the scope and accounting guidance for contributions received and contributions made*. The ASU (Update) is to clarify and improve the scope of the accounting guidance for contributions received and contributions made. The update permits a modified prospective basis for the reporting implementation. Under a modified prospective basis, in the first set of financial statements following the effective date (December 15, 2018), the ASU's update should be applied. Accordingly, no adjustment was required to the prior period's financial statements.


October 20, 2020

MODCON LIVING, INC.

Statements of Financial Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 141,068	\$ 217,382
Accounts Receivable	53,493	80,474
Deposits	3,200	-
Prepaid Assets	6,109	3,494
	<hr/>	<hr/>
Total Current Assets	203,870	301,350
Fixed Assets:		
Furniture, Fixtures and Equipment	169,288	101,635
Less: Accumulated Depreciation	(88,403)	(79,656)
Net Fixed Assets	<hr/>	<hr/>
	80,885	21,979
	<hr/>	<hr/>
Total Assets	\$ 284,755	\$ 323,329
	<hr/>	<hr/>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 21,759	\$ 12,754
Deferred Member Revenue	1,683	5,440
Current Portion of Capital Lease Payable	2,019	1,920
Accrued Expenses	23,214	21,516
Total Current Liabilities	<hr/>	<hr/>
	48,675	41,630
Long-Term Liabilities		
Long-Term Portion of Capital Lease Payable	2,854	4,874
Total Long-Term Liabilities	<hr/>	<hr/>
	2,854	4,874
	<hr/>	<hr/>
Total Liabilities	51,529	46,504
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Without Donor Restrictions	133,854	241,856
With Donor Restrictions	99,372	34,969
Total Net Assets	<hr/>	<hr/>
	233,226	276,825
	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 284,755	\$ 323,329
	<hr/>	<hr/>

MODCON LIVING, INC.

Statement of Activities
For the year ended December 31, 2019 with comparative totals for 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2019</u>	<u>Total 2018</u>
Revenues and Other Support:				
Contributions and Home Sponsorships	\$ 164,629	\$ -	\$ 164,629	\$ 248,899
Community Development Block Grant	69,011	-	69,011	115,999
Other Grants	106,940	277,432	384,372	335,500
Other Income	27	-	27	299
In Kind Contributions	165,254	-	165,254	206,198
Net Assets Released from Restrictions	213,029	(213,029)	-	-
Total Revenues and Other Support	718,890	64,403	783,293	906,895
Functional Expenses:				
Program Services	723,920	-	723,920	730,575
Administration	71,448	-	71,448	57,645
Fundraising	31,524	-	31,524	26,950
Total Functional Expenses	826,892	-	826,892	815,170
Increase (Decrease) In Net Assets	(108,002)	64,403	(43,599)	91,725
Net Assets, Beginning of Year	241,856	34,969	276,825	185,100
Net Assets, End of Year	\$ 133,854	\$ 99,372	\$ 233,226	\$ 276,825

MODCON LIVING, INC.

Statements of Cash Flows
For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
(Decrease) Increase in Net Assets	\$ (43,599)	\$ 91,725
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	8,747	7,362
Decrease (Increase) in Accounts Receivable	26,981	(53,947)
(Increase) Decrease in Prepaid Expenses	(2,615)	412
(Increase) in Deposits	(3,200)	-
Increase (Decrease) in Accounts Payable	9,005	(8,271)
(Decrease) in Deferred Member Revenue	(3,757)	(876)
Increase in Accrued Expenses	1,698	4,429
Net Cash Flows (Used) Provided by Operating Activities	<u>(6,740)</u>	<u>40,834</u>
Cash Flows From Investment Activities		
Purchase of Furniture, Fixtures and Equipment	(67,653)	(16,474)
Net Cash Flows (Used) by Investment Activities	<u>(67,653)</u>	<u>(16,474)</u>
Cash Flows From Financing Activities		
Capital Lease Payments	(1,921)	(1,828)
Net Cash Flows (Used) by Financing Activities	<u>(1,921)</u>	<u>(1,828)</u>
Net (Decrease) Increase In Cash	(76,314)	22,532
Cash - Beginning of Year	<u>217,382</u>	<u>194,850</u>
Cash - End of Year	<u>\$ 141,068</u>	<u>\$ 217,382</u>
Cash Paid For Interest During the Year	<u>\$ 296</u>	<u>\$ 436</u>

MODCON LIVING, INC.

Statement of Functional Expenses
For the year ended December 31, 2019 with comparative totals for 2018

<u>Operating Expenses</u>	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fund Raising</u>	<u>Total 2019</u>	<u>Total 2018</u>
Salaries	\$ 260,696	\$ 23,173	\$ 5,793	\$ 289,662	\$ 269,285
Payroll Taxes	20,963	1,863	466	23,292	20,233
Home Repairs	336,935	-	-	336,935	389,564
Occupancy	27,984	3,816	-	31,800	27,000
Professional Fees	-	28,048	-	28,048	17,718
Insurance	18,550	1,184	-	19,734	15,718
Office Supplies	896	2,689	896	4,481	2,541
Meals, Entertainment, and Travel	-	1,482	1,482	2,964	7,947
Dues and Subscriptions	-	1,370	-	1,370	1,086
Utilities	8,830	1,204	-	10,034	7,189
Telephone	5,707	1,631	815	8,153	6,421
Postage	51	127	76	254	726
Information Technology	6,748	2,410	482	9,640	7,973
Depreciation	8,747	-	-	8,747	7,362
Volunteer Support	8,443	-	-	8,443	3,883
Training	509	-	-	509	286
Tool Library	18,861	-	-	18,861	13,340
Fundraising & Development	-	-	21,514	21,514	13,967
Other Expenses	-	2,451	-	2,451	2,931
Total Operating Expenses	<u>\$ 723,920</u>	<u>\$ 71,448</u>	<u>\$ 31,524</u>	<u>\$ 826,892</u>	<u>\$ 815,170</u>

MODCON LIVING, INC.

Notes to Financial Statements
December 31, 2019 and 2018

Note 1 -Description of Activities and Summary of Significant Accounting Policies

Description of Activities

ModCon Living, Inc. is a not-for-profit organization which incorporated on February 7, 1991 under the name of Columbus Christmas in April, Inc. The Organization operated as Rebuilding Together of Central Ohio, Inc. until January 2019, at which time they began operating under the DBA of ModCon Living, Inc. The purpose of the Organization is to rehabilitate housing for low income, elderly or disabled homeowners in the Columbus, Ohio area.

Principles of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization has adopted Accounting Standards Codification (ASC) 2016-14, "Not-For-Profit Entities – Revenue Recognition." In accordance with ASC 2016-14, contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. In addition, the Organization is required to present a statement of cash flows.

The Organization has also adopted ASC 958-10-65-1, "Not-For-Profit Entities – Presentation of Financial Statements". Under ASC 958-10-65-1, the Organization is required to report information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions, and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

The Organization's unspent contributions are reported in net assets with donor restrictions if the donor has limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service. Net assets with donor restrictions are further delineated in Note 3.

MODCON LIVING, INC.

Notes to Financial Statements
December 31, 2019 and 2018

Note 1 -Description of Activities and Summary of Significant Accounting Policies (Continued)

Donated Goods, Services and Assets

Donated services are recognized as contributions in accordance with ASC 958-605, Not-for-Profit Entities – Revenue Recognition, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided substantial time and effort throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under ASC 958-605 were not met. The value of donated goods and services meeting the recognition criteria of ASC 958-605 included as contributions in the financial statements and the corresponding program expenses for the fiscal years ended December 31, 2019 and 2018 were \$165,254 and \$206,198, respectively.

Donated goods and services were expensed as follows:

	<u>2019</u>	<u>2018</u>
House Repairs	\$116,658	\$200,502
Tool Library	11,316	5,696
Leasehold Improvements	31,745	---
Professional Fees	<u>5,535</u>	<u>---</u>
Total Donated		
Goods and Services	<u>\$165,254</u>	<u>\$206,198</u>

Accounts and Grants Receivable

Accounts receivable, which consist mostly of reimbursable funding arrangements, and grants receivable are stated at the amount management expects to collect from outstanding balances. When considered necessary, the Organization provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The Organization considers all accounts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts is reflected in the financial statements. Additionally, there is no bad debt expense recorded in the financial statements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, the actual results could differ from those estimates.

MODCON LIVING, INC.

Notes to Financial Statements
December 31, 2019 and 2018

Note 1 -Description of Activities and Summary of Significant Accounting Policies (Continued)

Depreciation

Property and equipment are stated at cost or at their estimated fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Office equipment and software	3 years
Vehicles	5 years

Additions and betterments of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Deferred Revenue

Deferred revenue results from the Organization selling yearly memberships that begin on the date of purchase. Membership revenue is recognized in the period in which the related membership activity occurs. Accordingly, membership fees are distributed across their twelve-month terms and deferred to the appropriate period as necessary.

Federal Income Tax

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the fiscal years ended December 31, 2019 and 2018.

The Organization files its federal information return form 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Ohio. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before December 31, 2016.

MODCON LIVING, INC.

Notes to Financial Statements
December 31, 2019 and 2018

Note 1 - Description of Activities and Summary of Significant Accounting Policies (Continued)

For the period ending December 31, 2019, the ASU 958 (Update) has modified the revenue recognition regarding contribution, which are effective for the reporting year beginning January 1, 2019. The modified standard stipulates that a contribution is recognized as unconditional and therefore recognized as revenue if any donor-imposed conditions are met (barriers and right of return to contributor or release from obligation by the donor.) The organization believes that all contributions recognized meet the modified standard as unconditional. Prior to the implementation of ASU 958 (Update) the organization was recognizing its revenue under the originally issued ASU 958.

Note 2 - Liquidity

The following reflects the Organization's financial assets as of the date of the statement of financial position. Financial assets at year-end are reduced by amounts not available for general use due to donor-imposed restrictions that will not expire within one year of the financial position date. Donor restricted amounts that will become available for general use within the year subsequent to December 31, 2019 and 2018 are detailed below.

	<u>2019</u>	<u>2018</u>
Financial Assets at Year End	\$194,561	\$297,856

The Organization defines financial assets as Cash and Accounts Receivable.

	<u>2019</u>	<u>2018</u>
Cash	\$141,068	\$217,382
Accounts Receivable	<u>53,493</u>	<u>80,474</u>
	<u>\$194,561</u>	<u>\$297,856</u>

All financial assets detailed above will become available for use within one year.

Note 3 - Lease Commitments

Beginning in 2016, the Organization entered into an operating lease for its facility. The lease term ran from December 1, 2016 through November 30, 2018, at which time the Organization operated on a month-to-month rental arrangement. This month-to-month agreement was terminated in December 2019.

Beginning in November 2019, the Organization entered into an operating lease for its new facility. The lease term runs from November 15, 2019 thru November 30, 2020, and calls for monthly lease payments of \$3,200 for the first six months of the lease, and \$3,400 for the subsequent six months. Future minimum lease payments are as follows:

<u>Year End Date</u>	<u>Minimum Payments</u>
December 31, 2020	<u>\$33,200</u>
	<u>\$33,200</u>

The lease expense for \$31,800 and \$27,000 for 2019 and 2017, respectively.

MODCON LIVING, INC.

Notes to Financial Statements
December 31, 2019 and 2018

Note 3 -Lease Commitments (Continued)

During 2017, the Organization entered into a capital lease arrangement for a copier. Under the lease, the Organization is required to make payments of \$184.75 per month for 63 months. The economic substance of the lease is that the Organization is financing the acquisition of the asset through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities. The following is an analysis of the leased assets included in fixed assets:

Furniture, Fixtures and Equipment	\$10,218
Accumulated Depreciation	(5,109)
Net Fixed Assets	<u>\$ 5,109</u>

The following is a schedule by years of future minimum principal payments required under the lease:

<u>Year-End Date</u>	<u>Minimum Payments</u>
<u>December 31:</u>	
2020	\$2,019
2021	\$2,123
2022	<u>\$732</u>
Total	<u>\$4,874</u>

Expenses related to this lease included in the statement of functional expenses for the year ended December 31, 2018 consist of depreciation (\$1,022) and interest (\$436). Expenses related to this lease included in the statement of functional expenses for the year ended December 31, 2019 consist of depreciation (\$2,044) and interest (\$296). Interest costs are included in Other Expenses on the statement of functional expenses.

Note 4 -Grants Receivable

Grants Receivable consists of grants awarded but not fully collected as of December 31, 2019 and 2018. There were no grants receivable balances reported on the financial statements for the years ended December 31, 2019 or 2018. Reimbursable grants receivable included in Accounts Receivable the financial statements for the years ending December 31, 2019 or 2018 are made up of the following:

	<u>2019</u>	<u>2018</u>
City of Columbus (CBDG)	\$ <u>51,493</u>	\$ <u>80,474</u>
	<u>\$ 51,493</u>	<u>\$ 80,474</u>

MODCON LIVING, INC.

Notes to Financial Statements
December 31, 2019 and 2018

Note 5 - **Net Assets**

Net Assets Without Donor Restrictions

Net assets without donor restrictions may be used by the Organization to achieve any of the Organization's purposes.

Net Assets With Donor Restrictions

Net Assets with Donor Restrictions for December 31, 2019 are comprised of the following:

<u>Purpose</u>	<u>Balance at 12/31/18</u>	<u>Current Donations</u>	<u>Restrictions Satisfied</u>	<u>Balance at 12/31/19</u>
Columbus Foundation				
Mod Squad	\$34,969	\$ ---	\$ (22,724)	\$ 12,244
OHT	---	235,500	(190,304)	45,196
Harry C Moores	---	15,000	---	15,000
Philanthropitch	---	<u>26,932</u>	---	<u>26,932</u>
Total	<u>\$34,969</u>	<u>\$277,432</u>	<u>\$ (213,029)</u>	<u>\$ 99,372</u>

Net Assets with Donor Restrictions for December 31, 2018 are comprised of the following

<u>Purpose</u>	<u>Balance at 12/31/17</u>	<u>Current Donations</u>	<u>Restrictions Satisfied</u>	<u>Balance at 12/31/18</u>
Columbus Foundation				
Mod Squad	\$ ---	\$ 50,000	\$ (15,031)	\$ 34,969
Total	<u>\$ ---</u>	<u>\$ 50,000</u>	<u>\$ (15,031)</u>	<u>\$ 34,969</u>

Note 6 - **Concentration of Credit Risk**

During the fiscal year ended December 31, 2019, the Organization received \$235,500 (approximately 30% of its revenues) through State of Ohio.

During the fiscal year ended December 31, 2018, the Organization received \$124,027 (approximately 13% of its revenues) from City of Columbus grants and another \$276,528 (approximately 26% of its revenues) through State of Ohio.

A loss or reduction of this funding could significantly impact the operations of the Organization and its ability to carry out its mission.

MODCON LIVING, INC.

Notes to Financial Statements
December 31, 2019 and 2018

Note 7 – **Related Parties**

During the year ended December 31, 2019 the Organization received \$5,535 of donated professional fees from a company affiliated with a board member. There were no transactions with related parties during the year ended December 31, 2018.

No amounts were due to or from a related party at December 31, 2019 or 2018.

Note 8 - **Subsequent Events**

Subsequent events were reviewed through October 20, 2020 which is the date the financial statements were available to be issued.