

**Rebound, Inc.**

**FINANCIAL STATEMENTS**

**For the Years Ended  
October 31, 2023 and 2022**

# Rebound, Inc.

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For the Years Ended October 31, 2023 and 2022 (Restated)

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## Independent Auditors' Report

Board of Directors  
Rebound, Inc.  
Minneapolis, Minnesota

### **Opinion**

We have audited the financial statements of Rebound, Inc. (the Organization), which comprise the statements of financial position as of October 31, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of October 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



BGM CPA, LLC  
Certified Public Accountants

Bloomington, Minnesota  
February 28, 2024

**Rebound, Inc.**  
**Statements of Financial Position**  
October 31, 2023 and 2022 (Restated)

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<b><u>ASSETS</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b> <b><u>(Restated)</u></b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 404,754	\$ 742,882
Investments	345,005	332,780
Accounts Receivable	116,342	264,659
Prepaid Expenses	<u>1,953</u>	<u>10,646</u>
Total Current Assets	<u>\$ 868,054</u>	<u>\$ 1,350,967</u>
<b>PROPERTY AND EQUIPMENT</b>		
Buildings	\$ 424,000	\$ 424,000
Building Improvements	62,529	36,277
Furniture and Equipment	12,726	12,726
Leasehold Improvements	7,507	7,507
Vehicles	<u>63,619</u>	<u>60,158</u>
	<u>\$ 570,381</u>	<u>\$ 540,668</u>
Less Accumulated Depreciation	<u>113,956</u>	<u>100,807</u>
Net Property and Equipment	<u>\$ 456,425</u>	<u>\$ 439,861</u>
<b>OTHER ASSETS</b>		
Security Deposits	<u>\$ 4,665</u>	<u>\$ 2,165</u>
Total Other Assets	<u>\$ 4,665</u>	<u>\$ 2,165</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,329,144</u></b>	<b><u>\$ 1,792,993</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Account Payable	\$ 28,579	\$ 23,172
Accrued Expenses	75,211	73,376
Current Portion of Long-Term Debt	<u>9,194</u>	<u>17,448</u>
Total Current Liabilities	<u>\$ 112,984</u>	<u>\$ 113,996</u>
LONG-TERM DEBT, Net of Current Portion	<u>\$ 74,450</u>	<u>\$ 145,283</u>
<b>NET ASSETS</b>		
Without Donor Restrictions	\$ 908,470	\$ 1,268,048
With Donor Restrictions	<u>233,240</u>	<u>265,666</u>
Total Net Assets	<u>\$ 1,141,710</u>	<u>\$ 1,533,714</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,329,144</u></b>	<b><u>\$ 1,792,993</u></b>

See Independent Auditors' Report and the Notes to Financial Statements

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**Rebound, Inc.**  
**Statement of Activities**  
For the Year Ended October 31, 2023

	<b>2023</b>		
	<b>Without</b>	<b>With Donor</b>	<b>Total</b>
	<b>Donor</b>	<b>Restrictions</b>	
	<b>Restrictions</b>	<b>Restrictions</b>	
<b>SUPPORT AND REVENUE</b>			
Support			
Contributions	\$ 45,823	\$ -	\$ 45,823
Contributions of Non-Financial Assets	<u>500</u>	<u>-</u>	<u>500</u>
Total Support	\$ 46,323	\$ -	\$ 46,323
Revenue			
Program Service Income	\$ 1,358,267	\$ -	\$ 1,358,267
Grant Income	27,940	394,768	422,708
Interest	21,725	-	21,725
Unrealized Gains (Losses) on Investment	339	-	339
Gain on Asset Disposal	<u>10,661</u>	<u>-</u>	<u>10,661</u>
Total Revenue	\$ 1,418,932	\$ 394,768	\$ 1,813,700
<b>TOTAL SUPPORT AND REVENUE</b>	<u>\$ 1,465,255</u>	<u>\$ 394,768</u>	<u>\$ 1,860,023</u>
<b>EXPENSES</b>			
Program Services	\$ 1,944,258	\$ -	\$ 1,944,258
Management and General	283,890	-	283,890
Fundraising	<u>23,879</u>	<u>-</u>	<u>23,879</u>
Total Expenses	\$ 2,252,027	\$ -	\$ 2,252,027
<b>CHANGE (DECREASE) IN NET ASSETS</b>	\$ (786,772)	\$ 394,768	\$ (392,004)
<b>NET ASSETS - Beginning of Year</b>	1,268,048	265,666	1,533,714
Net Assets Released from Restriction	<u>427,194</u>	<u>(427,194)</u>	<u>-</u>
<b>NET ASSETS - End of Year</b>	<u>\$ 908,470</u>	<u>\$ 233,240</u>	<u>\$ 1,141,710</u>

See Independent Auditors' Report and the Notes to Financial Statements

**Rebound, Inc.****Statement of Activities**

For the Year Ended October 31, 2022 (Restated)

	2022 (Restated)		
	Without		
	Donor	With Donor	Total
	Restrictions	Restrictions	
SUPPORT AND REVENUE			
Support			
Contributions	\$ 14,551	-	14,551
Total Support	\$ 14,551	\$ -	\$ 14,551
Revenue			
Program Service Income	\$ 1,784,498	\$ 43,010	\$ 1,827,508
Grant Income	49,281	367,065	416,346
Interest	6,112	-	6,112
Unrealized Gains (Losses) on Investment	(42,424)	-	(42,424)
Total Revenue	\$ 1,797,467	\$ 410,075	\$ 2,207,542
TOTAL SUPPORT AND REVENUE	\$ 1,812,018	\$ 410,075	\$ 2,222,093
EXPENSES			
Program Services	\$ 1,628,660	\$ -	\$ 1,628,660
Management and General	410,176	-	410,176
Fundraising	10,347	-	10,347
Total Expenses	\$ 2,049,183	\$ -	\$ 2,049,183
CHANGE (DECREASE) IN NET ASSETS	\$ (237,165)	\$ 410,075	\$ 172,910
NET ASSETS - Beginning of Year	1,199,742	161,062	1,360,804
Net Assets Released from Restriction	305,471	(305,471)	-
<b>NET ASSETS - End of Year</b>	<b>\$ 1,268,048</b>	<b>\$ 265,666</b>	<b>\$ 1,533,714</b>

See Independent Auditors' Report and the Notes to Financial Statements

**Rebound, Inc.**  
**Statements of Functional Expenses**  
For the Year Ended October 31, 2023

	Program Services										Management and General	Fundraising	Total
	Group Homes	Mentoring	Trauma	After Care	AC Housing	AC - Extended Foster Care	Youth Advisory Board	Youth Homelessness	Ghana Cultural Experience	Total			
Salaries and Wages	\$ 823,542	\$ 65,629	\$ 82,249	\$ 65,437	\$ 44,314	\$ 44,238	\$ 19,013	\$ 35,757	\$ -	\$ 1,180,179	\$ 167,557	\$ 21,209	\$ 1,368,945
Payroll Taxes	69,616	4,851	6,721	4,533	4,263	4,263	1,529	-	-	95,776	13,712	1,578	111,066
Employee Benefits	9,214	3,522	1,691	-	-	-	-	-	-	14,427	23,173	-	37,600
Contract Services	17,550	-	-	-	-	-	-	-	-	17,550	-	-	17,550
Insurance	44,668	1,947	5,841	431	1,947	1,947	-	4,325	242	61,348	7,092	-	68,440
Auto Expense	4,821	6	-	-	-	-	-	-	-	4,827	3	-	4,830
Licenses and Permits	5,345	-	-	-	-	-	-	-	-	5,345	703	-	6,048
Dues and Subscriptions	1,793	-	-	-	-	-	-	-	-	1,793	3,501	-	5,294
Bank and Payroll Fees	187	-	2	14	-	-	10	-	315	528	3,504	-	4,032
Miscellaneous expense	2,594	-	104	-	102	53	51	-	-	2,904	51	-	2,955
Office Expense	913	-	-	-	-	-	-	-	-	913	1,014	-	1,927
Supplies	26,809	1,110	4,390	4,842	10,800	4,326	-	730	1,609	54,616	9,123	-	63,739
Professional fees	-	-	-	124	-	-	-	62	-	186	18,053	-	18,239
Program Activities and Expenses	99,829	21,373	36,728	20,756	12,954	5,357	13,377	7,396	63,717	281,487	-	-	281,487
Interest	9,971	-	-	-	-	-	-	-	-	9,971	-	-	9,971
Occupancy	67,996	4,502	5,691	2,157	41,148	3,553	596	1,093	-	126,736	3,004	-	129,740
Repairs and Maintenance	29,766	-	-	-	165	-	-	-	-	29,931	-	-	29,931
Professional Development	8,905	1,332	2,034	442	295	278	-	-	919	14,205	15,351	-	29,556
Meeting Expense	-	-	-	-	-	-	-	-	-	-	136	-	136
Property Taxes	6,133	-	-	-	-	-	-	-	-	6,133	-	-	6,133
Fundraising Expenses	-	14	-	-	-	-	-	-	1,954	1,968	15,960	1,092	19,020
Marketing Expense	-	-	-	-	-	-	-	-	-	-	1,953	-	1,953
Depreciation and Amortization	33,435	-	-	-	-	-	-	-	-	33,435	-	-	33,435
<b>TOTAL</b>	<b>\$ 1,263,087</b>	<b>\$ 104,286</b>	<b>\$ 145,451</b>	<b>\$ 98,736</b>	<b>\$ 115,988</b>	<b>\$ 64,015</b>	<b>\$ 34,576</b>	<b>\$ 49,363</b>	<b>\$ 68,756</b>	<b>\$1,944,258</b>	<b>\$ 283,890</b>	<b>\$ 23,879</b>	<b>\$2,252,027</b>

See Independent Auditors' Report and the Notes to Financial Statements



**Rebound, Inc.**  
**Statements of Functional Expenses**  
For the Year Ended October 31, 2022 (Restated)

	Program Services										Total
	Group Homes	Mentoring	Trauma	After Care	AC Housing	AC - Extended Foster Care	Youth Advisory Board	Total	Management and General	Fundraising	
Salaries and Wages	\$ 788,718	\$ 50,671	\$ 75,465	\$ 39,438	\$ 26,928	\$ 23,883	\$ 3,130	\$1,008,233	\$ 212,102	\$ -	\$ 1,220,335
Payroll Taxes	73,671	4,427	6,922	4,762	1,178	1,178	141	92,279	20,314	-	112,593
Employee Benefits	16,720	4,292	3,003	3,170	244	244	-	27,673	16,004	-	43,677
Contract Services	29,666	-	-	-	-	-	-	29,666	50,058	-	79,724
Insurance	45,669	1,894	3,156	1,703	1,872	1,872	-	56,166	5,080	-	61,246
Auto Expense	9,379	-	-	-	-	-	-	9,379	-	-	9,379
Licenses and Permits	7,120	-	-	-	50	-	-	7,170	513	-	7,683
Dues and Subscriptions	25	-	-	-	-	-	-	25	5,298	-	5,323
Bank and Payroll Fees	50	-	-	65	-	-	-	115	929	-	1,044
Miscellaneous expense	3,039	-	-	128	-	-	-	3,167	30,389	-	33,556
Office Expense	499	-	-	-	-	-	-	499	124	-	623
Supplies	33,476	1,313	4,952	5,881	9,032	331	313	55,298	9,338	-	64,636
Professional fees	11,597	-	-	186	-	-	-	11,783	8,159	-	19,942
Program Activities and Expenses	107,845	7,597	19,249	7,719	1,651	312	821	145,194	-	-	145,194
Interest	10,708	-	-	-	-	-	-	10,708	-	-	10,708
Occupancy	65,650	4,096	5,277	2,478	18,654	191	84	96,430	4,367	-	100,797
Repairs and Maintenance	22,595	-	-	6	256	-	-	22,857	1,246	-	24,103
Professional Development	8,342	2,634	1,808	181	-	-	-	12,965	22,926	-	35,891
Meeting Expense	398	-	-	-	-	-	-	398	242	-	640
Property Taxes	2,188	-	-	-	-	-	-	2,188	-	-	2,188
Fundraising Expenses	-	-	-	-	-	-	-	-	-	10,347	10,347
Marketing Expense	-	-	-	-	-	-	-	-	21,835	-	21,835
Security	4,049	33	858	-	-	-	-	4,940	1,252	-	6,192
Depreciation and Amortization	31,527	-	-	-	-	-	-	31,527	-	-	31,527
<b>TOTAL</b>	<b>\$ 1,272,931</b>	<b>\$ 76,957</b>	<b>\$ 120,690</b>	<b>\$ 65,717</b>	<b>\$ 59,865</b>	<b>\$ 28,011</b>	<b>\$ 4,489</b>	<b>\$ 1,628,660</b>	<b>\$ 410,176</b>	<b>\$ 10,347</b>	<b>\$ 2,049,183</b>

See Independent Auditors' Report and the Notes to Financial Statements

**Rebound, Inc.****Statements of Cash Flows**For the Years Ended October 31, 2023 and 2022 (Restated)

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	<u>2023</u>	<u>2022</u> <u>(Restated)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change (Decrease) in Net Assets	\$ (392,004)	\$ 172,910
Adjustments to Reconcile Change (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	33,435	31,527
Amortization on Debt Issuance Costs	3,098	344
Investment (Gain) Loss	(339)	42,424
(Gain) Loss on Sale of Assets	(10,661)	-
Changes in Operating Assets and Liabilities		
Accounts Receivable	148,317	92,100
Prepaid Expenses	8,693	1,270
Security Deposits	(2,500)	-
Accounts Payable and Accrued Liabilities	<u>7,242</u>	<u>(23,136)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (204,719)</u>	<u>\$ 317,439</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	\$ (11,886)	\$ (375,204)
Property and Equipment Purchases	(53,120)	-
Proceeds on Disposal of Assets	<u>13,782</u>	<u>-</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>\$ (51,224)</u>	<u>\$ (375,204)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Mortgage Payable	<u>\$ (82,185)</u>	<u>\$ (56,465)</u>
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>\$ (82,185)</u>	<u>\$ (56,465)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>\$ (338,128)</u>	<u>\$ (114,230)</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>742,882</u>	<u>857,112</u>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	<u><b>\$ 404,754</b></u>	<u><b>\$ 742,882</b></u>

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See Independent Auditors' Report and the Notes to Financial Statements

**NOTE 1: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Rebound, Inc. (the Organization) is a Minnesota nonprofit corporation, located in Minneapolis, Minnesota, organized on November 4, 2014 to provide services to African American youth ages 14-21 involved in the juvenile justice system with the goal of successfully reintegrating them into their families and communities through group homes called Jordan House, Naima House and Jelani House. These services include screening and assessment, social and interpersonal skill development, chemical use and abuse awareness, correctional programming, transition and life skill development, opportunities for physical exercise and recreation, and access community resources to meet educational, medical, dental, mental health and chemical dependency needs of its residents. In addition to the group homes, the Organization provides a one-on-one mentorship program for corrections involved youth; provides a family resilience program to prevent justice system involvement in African American youth that show signs of traumatic stress; and provides an after care program for youth that have been in Organization's the group homes and are transitioning back to family and community.

**Standards of Accounting and Financial Reporting**

The Organization follows Accounting Standards Codification (ASC) 958. Under the provisions of these standards, net assets and revenues, gains, and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions - Resources over which the Board of Directors has discretionary control. Designated amounts represent those revenues which the Board has set aside for a particular purpose. All property, equipment, and related debt are considered unrestricted.
- Net Assets With Donor Restrictions
  - Resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization or passage of time. Net assets restricted to specific actions or the passage of time were \$233,240 and \$265,666 as of October 31, 2023 and 2022, respectively.
  - Resources subject to donor-imposed restrictions that require the resources to be maintained permanently by the Organization. The donors of such resources permit the use of all or part of the income earned, including capital appreciation or related investments, for unrestricted or temporarily restricted purposes. The Organization has no net assets required to be permanently maintained as of October 31, 2023 or 2022.

**NOTE 1: NATURE OF BUSINESS AND 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 and disclosures. Actual results could differ from these estimates.

**Fair Value Measurements**

The estimated fair values of the Organization's short-term financial instruments, including receivables and payables arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their origination and expected realization.

**Revenue Recognition**

The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Program service revenues are recorded and recognized at a point in time when the services have been provided to the individuals.

Contributions are recorded when received and recognized as support in the period received, in accordance with ASC 958-605, Not-for-Profit Revenue Recognition - Contributions. If donor-imposed restrictions accompany the contribution, the amount is recorded as donations with restrictions until the donor-imposed restrictions expire or are fulfilled, unless the restrictions expire or are fulfilled in the same calendar year the contribution is received, in which case the contribution is recorded as donations without restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions in the period donor-imposed restrictions expire or are fulfilled.

Donated materials and equipment are recorded at their fair market value at the date they are received, if significant and measurable. The Organization received non-cash contributions of \$500 and \$0 for the years ended October 31, 2023 and 2022, respectively. See Note 8 for details.

The Organization utilizes and relies upon the services of volunteers; however, there is no reasonable basis for estimating the value of the services and, accordingly, no support or corresponding program service expense has been reflected in these financial statements.

**NOTE 1: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

The Organization considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. At times, cash and cash equivalents may be in excess of FDIC insurance limits.

**Investments**

The Organization's investments are in marketable securities which are recorded at their fair value at October 31, 2023 and 2022. Investment income (including gains and losses on investments, interest and dividends) is reported in the accompanying *Statements of Activities*, as an increase or decrease in net assets without donor restrictions unless the income or loss is restricted by donor or law. The cost of marketable securities sold is based on specific identification.

**Accounts Receivable**

Accounts receivable represents amounts due from county agencies. The Organization does not require collateral to support its outstanding receivables. Substantially all amounts are expected to be collected within one year. No interest is accrued on accounts receivable.

The Organization has determined that an allowance for doubtful accounts is not currently required. Bad debts are expensed when determined to be uncollectible. Bad debt expense was \$0 for the years ended October 31, 2023 and 2022.

**Property and Equipment**

Purchase of property and equipment are recorded at cost. Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the *Statements of Activities*. Depreciation is provided over the estimated economic useful lives of each class of assets and is computed using the straight-line method. Total depreciation expense was \$33,435 and \$31,527 for the years ended October 31, 2023 and 2022, respectively.

Estimated economic useful lives of property and equipment range from 5 to 27.5 years.

**Security Deposits**

The security deposits are held by landlords for facilities as related to long-term leases.

**Debt Issuance Costs**

Debt issuance costs are amortized over the life of the debt using the straight-line method. Amortization of debt issuance costs was \$3,098 and \$344 for the years ended October 31, 2023 and 2022, respectively.

**NOTE 1: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accrued Vacation Time**

Accrued vacation is recognized when earned. Paid vacation is available for salaried employees and employees earn 3.08 hours each pay period up to a maximum of 80 hours. Salaried employees that leave the Organization are paid the hours of accrued vacation time with their final paycheck.

**Functional Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the *Statements of Activities* and the *Statements of Functional Expenses*. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time and effort studies.

**Advertising**

Advertising costs are charged to operations when incurred. Advertising expense was \$1,953 and \$21,835 for the years ended October 31, 2023 and 2022, respectively.

**Income Taxes**

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and the comparable section of the Minnesota Income Tax Statutes. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and contributions by donors are tax deductible. During the year ended October 31, 2023 and 2022, the Organization had no unrelated business income.

The Financial Accounting Standards Board issued guidance on accounting for uncertainty in income taxes. Management evaluated the Community's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provision of this guidance. The Organization is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2019. Interest and penalties are classified as expense as incurred.

**Leases**

In February 2016, the FASB issued ASC Update No. 2016-02, Leases (FASB ASC Topic 842, Leases). The update requires lessees to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted the standard as of November 1, 2022, using the optional transition method to the modified retrospective approach. Under this transition provision, the Entity has applied Topic 842 to reporting periods beginning on November 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, Leases.

**NOTE 1: NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Leases (Continued)**

The Organization elected the “package of practical expedients” under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the “hindsight” practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on November 1, 2022.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives.

The Organization accounts for lease and non-lease components in its contracts as a single lease component separately for its real estate asset class. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and are recorded in lease expense in the period incurred.

The adoption of FASB ASC Topic 842 on November 1, 2022 had no material impact to the statements of activities or statements of cash flows and there was no cumulative adjustment to net assets with donor restrictions or without donor restrictions. See Note 9 for information regarding leases as of October 31, 2023 accounted for under FASB ASC Topic 842.

**Subsequent Events**

The Organization evaluated for the occurrence of subsequent events through February 28, 2024, the date which the financial statements were available for issue. Except as noted in NOTE 14, no subsequent events occurred.

**Reclassifications**

Certain reclassifications have been made in the 2022 financial statements to conform to classifications used in 2023.

**Rebound, Inc.**  
**Notes to Financial Statements**  
 October 31, 2023 and 2022

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**NOTE 2: LIQUIDITY**

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management the Organization invests cash in excess of daily requirements in various short-term investments, including mutual funds and exchange traded funds.

The following table reflects the Organization's financial assets available as of October 31, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 404,754	\$ 742,882
Investments	345,005	332,780
Accounts Receivable	<u>116,342</u>	<u>264,659</u>
Total Financial Assets	\$ 866,101	\$ 1,340,321
Total Upcoming Use of Funds	<u>112,984</u>	<u>113,996</u>
Financial Assets Available	\$ 753,117	\$ 1,226,325
Average Expenses per Month	<u>187,669</u>	<u>170,765</u>
Months of Assets on Hand	<u><u>4.01</u></u>	<u><u>7.18</u></u>

**NOTE 3: INVESTMENTS**

The following schedule summarizes the investment activity.

	<u>2023</u>	<u>2022</u>
Investment- Cost	\$ 375,205	\$ 375,000
Reinvestment Income	11,886	205
Unrealized Gain (Loss)	339	(42,425)
Prior Cumulative Unrealized Gain (Loss)	<u>(42,425)</u>	<u>-</u>
Investment – Fair Market Value	<u><u>\$ 345,005</u></u>	<u><u>\$ 332,780</u></u>



#### **NOTE 4: FAIR VALUE MEASUREMENTS**

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2. Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for the Organization's assets measured at fair value. There have been no changes in the methodologies used at October 31, 2023 and 2022.

*Mutual funds:* These investments are public investment securities valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the numbers of shares outstanding. The NAV is a quoted price in an active market.

*Exchange Traded funds:* These investments are public investment securities valued at the daily closing price as reported by the fund. Exchange traded funds are registered with eh Securities and Exchange Commission. These funds are required to calculate and publish the NAV at least once a day however these funds transact at market prices. The NAV is based on the value of assets owned by the fund, minus any liabilities, and then that amount is divided by the number of shares outstanding. The NAV is a quoted price in an active market.

**Rebound, Inc.**  
**Notes to Financial Statements**  
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**NOTE 4: FAIR VALUE MEASUREMENTS (Continued)**

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of October 31:

	2023			Total Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Mutual Funds:				
Growth Funds	\$ 124,068	\$ -	\$ -	\$ 124,068
Fixed Income Funds	112,960	-	-	112,960
Other Funds	8,622	-	-	8,622
Exchange Traded Funds:				
Growth Funds	70,590	-	-	70,590
Fixed Income Funds	28,765	-	-	28,765
	<u>\$ 345,005</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 345,005</u>

**Rebound, Inc.**  
**Notes to Financial Statements**  
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**NOTE 4: FAIR VALUE MEASUREMENTS (Continued)**

	2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Mutual Funds:				
Growth Funds	\$ 114,697	\$ -	\$ -	\$ 114,697
Fixed Income Funds	103,541	-	-	103,541
Other Funds	12,637	-	-	12,637
Exchange Traded Funds:				
Growth Funds	75,201	-	-	75,201
Fixed Income Funds	26,704	-	-	26,704
	<u>\$ 332,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,780</u>

**NOTE 5: LINE OF CREDIT**

On January 20, 2021, the Organization took out a new line of credit with Royal Credit Union for \$50,000. Interest is variable at the Prime Rate as reported in the Wall Street Journal (8.5% and 6.25% for the years ended October 31, 2023 and 2022, respectively), adjusted to a minimum rate of 5.5%. The line of credit matures December 15, 2026 and is secured by substantially all assets of the Organization.

No balance was due on the line of credit at October 31, 2023 or 2022.

**Rebound, Inc.**  
**Notes to Financial Statements**  
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**NOTE 6: LONG-TERM DEBT**

Long-term debt at October 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Mortgage payable to Royal Credit Union, 6.31%, adjusted every quarter starting on January 1, 2022 to the prime rate (8.50% and 6.25% at October 31, 2023 and 2022, respectively) plus 1 .0 percentage points, monthly payment of \$1,105, due January 1, 2039, secured by property and building.	-	73,344
Mortgage payable to Royal Credit Union, 5.10%, adjusted every quarter starting on April 1, 2025 to the prime rate (8.50% and 6.25% at October 31, 2023 and 2022, respectively) plus 1 .0 percentage points, monthly payment of \$1,129, due March 15, 2040, secured by property and building.	86,284	95,125
Unamortized Debt Issuance Costs	<u>(2,640)</u>	<u>(5,738)</u>
Total Mortgages Payable	\$ 83,644	\$ 162,731
Less Current Portion	<u>9,194</u>	<u>17,448</u>
Long-Term Debt	<u>\$ 74,450</u>	<u>\$ 145,283</u>

The current maturities are as follows:

2024	\$ 9,194
2025	9,695
2026	10,209
2027	10,751
2028	11,314
Thereafter	32,481
Total	<u>\$ 83,644</u>

***NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS***

The After Care Program received restricted grants from grantors to be used to assist youth in the program. Restricted contributions received were \$97,768 and \$43,010 for the years ended October 31, 2023 and 2022, respectively. Amounts used and released were \$97,768 and \$53,488 for the years ended October 31, 2023 and 2022, respectively. Net assets with donor restrictions were \$0 at October 31, 2023 and 2022.

Donor restricted contributions were received from various donors and grantors to be used towards a trip to Ghana for interested youth served by the Organization. Restricted contributions received were \$10,000 and \$0 for the years ended October 31, 2023 and 2022, respectively. Net asset with donor restrictions were \$0 and \$3,370 at October 31, 2023 and 2022.

The AC Housing and the AC Extended Foster Care Programs received grants from a grantor to be used to assist young adults assists young adults to find housing in the community and to assist young adults that have aged out of the foster care system obtain extended foster care benefits they are entitled to. Restricted contributions received were \$175,000 and \$250,000 for the years ended October 31, 2023 and 2022, respectively. Amounts used and released were \$179,597 and \$114,936 for the years ended October 31, 2023 and 2022, respectively. Net assets with donor restrictions were \$205,390 and \$209,987 at October 31, 2023 and 2022, respectively.

Capacity building grants were received from a grantor to expand the Organization's programming and to explore ways to obtain greater funding resources. Restricted contributions received were \$0 and \$85,000 for the years ended October 31, 2023 and 2022, respectively. Amounts used and released were \$47,898 and \$109,393 for the years ended October 31, 2023 and 2022, respectively. Net assets with donor restrictions were \$0 and \$47,898 at October 31, 2023 and 2022, respectively.

The donor restriction grant was received in 2022 from a grantor the enhancement of staff physical and emotional health and wellbeing. Restricted contributions received were \$0 and \$30,000 for the years ended October 31, 2023 and 2022, respectively. Amounts used and released were \$4,411 and \$25,589 for the years ended October 31, 2023 and 2022, respectively. Net asset with donor restrictions were \$0 and \$4,411 at October 31, 2023 and 2022, respectively.

Donor restriction grants were received from grantors to support youth leadership and advocate for changes to the juvenile justice system. Restricted contributions received were \$40,000 and \$2,065 for the years ended October 31, 2023 and 2022, respectively. Amounts used and released were \$34,886 and \$2,065 for the years ended October 31, 2023 and 2022, respectively. Net asset with donor restrictions were \$5,114 and \$0 at October 31, 2023 and 2022.

**NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

A donor restriction grant was received from a grantor to be used towards solutions for homelessness in youth. Restricted contributions received were \$72,000 and \$0 for the years ended October 31, 2023 and 2022, respectively. Amounts used and released were \$49,264 and \$0 for the years ended October 31, 2023 and 2022, respectively. Net asset with donor restrictions were \$22,736 and \$0 at October 31, 2023 and 2022.

Total net assets with donor restrictions were \$233,240 and \$265,666 at October 31, 2023 and 2022, respectively

**NOTE 8: IN-KIND CONTRIBUTIONS**

During the year ended October 31, 2023, the Organization received ten hand quilted toiletry bags. The bags were valued at \$500 which approximated fair market value. The contributed bags did not have donor imposed restrictions. The bags were used by the Organization during the year for the Ghana cultural experience.

**NOTE 9: LEASES**

The Organization has short-term leases for real estate that have a term of twelve months or less.

The Organization leases a group home from the Organization's Executive Director and Co-Founder. The lease expired December 31, 2023 and required monthly payments of \$1,953. Effective January 1, 2024, the lease converted to a month-to-month lease.

The Organization leased office space from The Sanctuary Covenant Church, Inc. The lease expired on December 31, 2023. The lease was a net lease. The Organization was responsible for operating expenses such as insurance, utilities, and repairs and maintenance. The Organization was also responsible for their proportionate share of real estate taxes and common area expenses. The monthly base rent payments were \$2,125.

Total rent expense for operating leases accounted for under FASB ASC Topic 842 was \$48,936 for the year ended October 31, 2023.

The total rent expense for operating leases accounted for under FASB ASC Topic 840 was \$44,880 for the year ended October 31, 2022.

**NOTE 10: BENEFIT PLAN**

The Organization offers a SIMPLE IRA for all employees. Participant contributions cannot exceed the maximum allowable contribution permitted under the Internal Revenue Code. The Organization provides a matching contribution of 3% of participant contributions. Participant and matching contributions are 100% vested. Contributions to the plan were \$8,518 and \$15,579 for the years ended October 31, 2023 and 2022, respectively.

**NOTE 11: CONCENTRATIONS**

The Organization receives a substantial amount of its revenue from Hennepin and Ramsey Counties. Any significant reduction in this level of funding, if this were to occur, would have a significant effect on the Organization's activities.

During 2023, the Organization had two customers whose revenues accounted for approximately 66% of its total revenue. Two customers accounted for approximately 89% of the Organization's accounts receivable for the year ended October 31, 2023.

During 2022, the Organization had two customers whose revenues accounted for approximately 86% of its total revenue. Two customers accounted for approximately 87% of the Organization's accounts receivable for the year ended October 31, 2022.

**NOTE 12: RELATED PARTIES**

The Organization leases a group home from the Organization's Executive Director and Co-Founder. Total rent expense on the group home was \$23,436 for the years ended October 31, 2023 and 2022. See Note 9 for more details.

**NOTE 13: SUPPLEMENTAL CASH FLOW INFORMATION**

Cash paid for interest was \$6,873 and \$10,364 for the years ended October 31, 2023 and 2022, respectively.

Cash paid for income taxes was \$0 for the years ended October 31, 2023 and 2022.

**NOTE 14: SUBSEQUENT EVENTS**

The Organization entered into a 65-month lease agreement for office space that commences on January 1, 2024. The lease is considered to be an operating lease and will put a right of use asset and lease liability on the *Statement of Financial Position* of \$136,377.

In February 2024, the Organization closed Jordan House, a group home, permanently. Rent payments to the Executive Director for this property will end when all property of the Organization is removed from the premises.

**NOTE 15: PRIOR PERIOD ADJUSTMENT**

During 2023, management determined that there were two invoices recorded to accounts payable and insurance expense in error for the fiscal year ended October 31, 2022. The October 31, 2022 balances were restated by \$25,336 to correct this error. The restatement decreased accounts payable and expenses for the year end October 31, 2022.