Rebound, Inc.

FINANCIAL STATEMENTS

For the Years Ended
October 31, 2017 and 2016

Rebound, Inc.
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For the Years Ended October 31, 2017 and 2016

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Boeckermann Grafstrom Mayer

Independent Accountants' Review Report

Board of Directors
Rebound, Inc.
Minneapolis, Minnesota

We have reviewed the accompanying financial statements of Rebound, Inc. (a non-profit organization), which comprise the statements of financial position as of October 31, 2017 and 2016 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion
Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Boeckermann Grafstrom + Mayer, LLC

BOECKERMANN GRAFSTROM & MAYEER, LLC
Certified Public Accountants

St. Paul, Minnesota
January 22, 2018

Rebound, Inc.
Statements of Financial Position
October 31, 2017 and 2016

ASSETS	2017	2016
CURRENT ASSETS		
Cash and Cash Equivalents	$ 24,529	$ 19,459
Accounts Receivable	550	11,788
Prepaid Expenses	1,842	-
Total Current Assets	$ 26,921	$ 31,247
PROPERTY AND EQUIPMENT		
Furniture and Equipment	$ 10,683	$ 5,903
Leasehold Improvements	2,000	2,000
Vehicles	11,068	4,318
	$ 23,751	$ 12,221
Less Accumulated Depreciation	4,045	1,555
Net Property and Equipment	$ 19,706	$ 10,666
TOTAL ASSETS	$ 46,627	$ 41,913

LIABILITIES AND NET ASSETS	2017	2016
CURRENT LIABILITIES		
Account Payable	$ 930	$ -
Accrued Expenses	28,249	19,642
Note Payable to Board Member	-	7,120
Current Portion of Long-Term Debt	1,806	-
Total Current Liabilities	$ 30,985	$ 26,762
LONG-TERM DEBT		
Note Payable, Net of Current Portion	3,764	-
Total Long-Term Liabilities	3,764	-
NET ASSETS		
Unrestricted	$ 11,878	$ 15,151
Temporarily Restricted	-	-
Total Net Assets	$ 11,878	$ 15,151
TOTAL LIABILITIES AND NET ASSETS	$ 46,627	$ 41,913

See Independent Accountants' Review Report and the Notes to Financial Statements

Rebound, Inc.
Statements of Activities
For the Years Ended October 31, 2017 and 2016

	2017	2016
SUPPORT AND REVENUE		
Program Service Income	$ 449,942	$ 412,500
Grant Income	40,093	39,906
Contributions	3,454	4,663
Interest	1	1
Total Support and Revenue	$ 493,490	$ 457,070
EXPENSES		
Program Services	$ 401,041	$ 340,061
Management and General	95,399	73,428
Fundraising	323	-
Total Expenses	$ 496,763	$ 413,489
CHANGE (DECREASE) IN NET ASSETS	$ (3,273)	$ 43,581
NET ASSETS - Beginning of Year	15,151	(28,430)
NET ASSETS - End of Year	$ 11,878	$ 15,151

See Independent Accountants’ Review Report and the Notes to Financial Statements

Rebound, Inc.
Statements of Functional Expenses
For the Year Ended October 31, 2017

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 272,835	$ 80,908	$ -	$ 353,743
Payroll Taxes	23,790	7,106	-	30,896
Advertising	-	-	128	128
Insurance	15,727	5,241	-	20,968
Auto Expense	2,322	-	-	2,322
Licenses and Permits	660	-	-	660
Dues and Subscriptions	-	126	-	126
Bank and Payroll Fees	839	90	-	929
Miscellaneous expense	-	(1,642)	-	(1,642)
Office Expense	898	-	-	898
Professional fees	4,351	1,450	-	5,801
Resident Activities and Expenses	35,246	-	-	35,246
Interest	73	-	-	73
Rent	17,400	1,176	-	18,576
Repairs and Maintenance	9,732	-	-	9,732
DHS Net Study	2,955	-	-	2,955
Staff Development	423	944	195	1,562
Utilities	8,815	-	-	8,815
Loss on Asset Disposal	2,237	-	-	2,237
Total Before Depreciation	$ 398,303	$ 95,399	$ 323	$ 494,025
Depreciation	2,738	-	-	2,738
TOTAL	$ 401,041	$ 95,399	$ 323	$ 496,763

Rebound, Inc.
Statements of Functional Expenses
For the Year Ended October 31, 2016

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 247,920	$ 62,767	$ -	$ 310,687
Payroll Taxes	24,682	6,170	-	30,852
Insurance	7,004	2,334	-	9,338
Auto Expense	2,575	-	-	2,575
Licenses and Permits	3,025	-	-	3,025
Dues and Subscriptions	-	50	-	50
Miscellaneous expense	-	128	-	128
Office Expense	1,552	199	-	1,751
Professional fees	-	289	-	289
Resident Activities and Expenses	23,754	-	-	23,754
Rent	17,200	-	-	17,200
Repairs and Maintenance	2,797	-	-	2,797
DHS Net Study	820	-	-	820
Staff Development	-	1,491	-	1,491
Utilities	7,377	-	-	7,377
Total before Depreciation	$ 338,706	$ 73,428	$ -	$ 412,134
Depreciation	1,355	-	-	1,355
TOTAL	$ 340,061	$ 73,428	$ -	$ 413,489

Rebound, Inc.
Statements of Cash Flows
For the Years Ended October 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change (Decrease) in Net Assets	$ (3,273)	$ 43,581
Adjustments to Reconcile Change (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	2,738	1,355
Loss on Asset Disposal	2,237	-
Changes in Operating Assets and Liabilities		
Accounts Receivable	11,238	(10,413)
Prepaid Expenses	(1,842)	-
Accounts Payable and Accrued Liabilities	9,537	5,560
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 20,635	$ 40,083
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and Equipment Purchases	$ (14,015)	$ (10,221)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	$ (14,015)	$ (10,221)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Note Payable from Board Member	$ 5,000	$ -
Payments on Note Payable to Board Member	(12,120)	(21,600)
Proceeds from Note Payable	5,570	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	$ (1,550)	$ (21,600)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 5,070	$ 8,262
CASH AND CASH EQUIVALENTS - Beginning of Year	19,459	11,197
CASH AND CASH EQUIVALENTS - End of Year	$ 24,529	$ 19,459

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

Nature of Activities
Rebound, Inc. (the Organization) is a Minnesota nonprofit corporation 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 a group home called Jordan 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. The Organization is located in Minneapolis, Minnesota.

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:

- Unrestricted - 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.

- Temporarily Restricted - Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time. The Organization has no temporarily restricted net assets at October 31, 2017 or 2016.

- Permanently Restricted - Those resources subject to donor imposed restrictions that they be maintained permanently by the Organization. The donors of such resources permitted 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 permanently restricted net assets at October 31, 2017 or 2016.

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.

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

Revenue Recognition
Program service revenues are recorded and recognized during the period the service is provided.

Contributions are recorded when received and recognized as support in the period received. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily or permanently restricted 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 unrestricted. Temporarily or permanently restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled.

Donated services, materials and equipment and facilities are recorded at their fair market value at the date they are received, if significant and measurable. The Organization received donated materials totaling $0 and $275 for years ended October 31, 2017 and 2016, respectively.

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

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, 2017 and 2016.

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 $2,738 and $1,355 for the years ended October 31, 2017 and 2016, respectively.

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

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

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.

Income Taxes
The Organization has been classified as an other-than-private foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization is subject to a tax on income from any unrelated business.

The Organization has analyzed tax positions taken for filings with the Internal Revenue Service and all state and foreign tax jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at October 31, 2017.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2014.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expense, respectively.

New Accounting Pronouncements
In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required 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 new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

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

Subsequent Events
The Organization evaluated for the occurrence of subsequent events through January 22, 2018, the date which the financial statements were available for issue. No subsequent events occurred.

NOTE 2: NOTES PAYABLE

The Organization entered into a loan agreement to repay $28,720 loaned by a board member to the Organization during the year ended October 31, 2015 for start-up costs and operations. The loan is non-interest bearing and is to be paid in monthly installments of $2,700 beginning on February 15, 2016 with the final payment due on December 15, 2016. The note payable balance at October 31, 2017 and 2016 was $0 and $7,120, respectively.

On October 6, 2017, the Organization entered into a loan agreement with Royal Credit Union for the purchase of a vehicle. Starting November 6, 2017, the monthly payments are $161.55 and include principle and interest at a fixed rate of 2.79 percent. The loan balance at October 31, 2017 was $5,570.

The current maturities are as follows:

2018	$	1,806
2019	$	1,857
2020	$	1,907
Thereafter	$	-

NOTE 3: LEASES

The Organization entered into an operating lease agreement with the Organization's Executive Director and Co-Founder that expired on December 31, 2017. The monthly payments are $1,450. The lease was renewed on January 1, 2018 and will automatically renewed for one year. The new monthly payments are $1,500.

On September 1, 2017, the Organization entered into an operating lease agreement with St. Olaf Residence Inc. for office space that expires on August 31, 2018. The lease agreement allows for two one-year extensions. The monthly payments are $392.

NOTE 3: LEASES (Continued)

On November 1, 2017, the Organization entered into an operating lease agreement with an individual for a second group home that expires on January 31, 2019. The monthly payments for the first three months are $1,000 and thereafter are $2,100.

The lease expense was $18,576 and $17,200 for the years ended October 31, 2017 and 2016, respectively.

The minimum annual rental commitments are as follows:

2018	$ 45,500
2019	$ 29,200
2020	$ 7,200
Thereafter	$ -

NOTE 4: ECONOMIC DEPENDENCY

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.

NOTE 5: CONCENTRATIONS

During 2017, the Organization had two customers whose revenues accounted for approximately 98% of its total revenue. One customer accounted for approximately 100% of the Organization's accounts receivable for the year ended October 31, 2017.

During 2016, the Organization had one customer whose revenues accounted for approximately 100% of its total revenue. This customer also accounted for approximately 97% of the Organization's accounts receivable for the year ended October 31, 2016.

NOTE 6: RELATED PARTIES

The Organization had a note payable to a board member in the amount of $0 and $7,120 at October 31, 2017 and 2016, respectively (see Note 2).

The Organization leases a group home from the Organization's Executive Director and Co-Founder (see Note 3).

NOTE 7: SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest was $73 and $0 for the years ended October 31, 2017 and 2016, respectively.

Cash paid for income taxes was $0 for the years ended October 31, 2017 and 2016.