

The Re Uzit Shop of New Holland, Inc.

REVIEWED FINANCIAL STATEMENTS

For the Years Ended March 31, 2017 and 2016



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Officers and Directors
The Re Uzit Shop of New Holland, Inc.
New Holland, Pennsylvania

We have reviewed the accompanying financial statements of The Re Uzit Shop of New Holland, Inc. (a non-profit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of March 31, 2017 and 2016, and the related statements of revenues, expenses and other changes in net assets-modified cash basis and cash flows-modified cash basis 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 organizational management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding 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 the financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review 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 the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter. The supplementary information included on pages 8 and 9 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements but has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information, and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

Hostetter & Hostetter
Certified Public Accountants

Quarryville, PA
October 18, 2017

The Re Uzit Shop of New Holland, Inc.
 Statements of Assets, Liabilities and Net Assets-Modified Cash Basis
 As of March 31, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 222,105	\$ 255,152
Escrow for Parking Lot	3,046	3,000
	225,151	258,152
Total Current Assets		
Fixed Assets		
Real Estate	1,735,443	1,655,378
Equipment	82,370	64,027
Accumulated Depreciation	(302,914)	(238,198)
	1,514,899	1,481,207
Net Fixed Assets		
	1,514,899	1,481,207
TOTAL ASSETS	\$ 1,740,050	\$ 1,739,359
LIABILITIES AND NET ASSETS		
Current Liabilities		
Payroll Taxes Withheld	\$ 7,744	\$ 3,149
Sales Tax Payable	5,093	4,771
Gift Card Liabilities	650	271
Credit Card Liabilities	2,475	-
Current Portion of Mortgage Payable	57,644	102,126
	73,606	110,317
Total Current Liabilities		
	73,606	110,317
Long Term Liability		
Mortgage Payable-Net of Current Portion	-	95,548
	-	95,548
Total Liabilities		
	73,606	205,865
Net Assets		
Unrestricted	1,666,444	1,533,494
	1,666,444	1,533,494
TOTAL LIABILITIES AND NET ASSETS	\$ 1,740,050	\$ 1,739,359

See accompanying notes and independent accountants' review report

The Re Uzit Shop of New Holland, Inc.
 Statements of Revenues, Expenses and Other Changes in Net Assets-Modified Cash Basis
 For the Years Ended March 31, 2017 and 2016

	2017	2016
REVENUES		
Contributions - Direct Public Support	\$ 525	\$ 15,433
Sales	1,324,268	1,291,209
Interest Income	459	769
Total Revenues	1,325,252	1,307,411
EXPENSES		
Bookkeeping Fees	9,043	6,710
Advertising and Promotion	61,269	47,650
Bank Fees	15,729	18,125
Depreciation Expense	64,716	59,642
Dues and Subscriptions	205	765
Equipment Rent	217	-
Grant Expense	458,818	548,090
Insurance	71,488	68,855
Interest	5,031	8,162
Licenses	308	60
Miscellaneous	2,774	171
Office Expense	1,861	2,975
Occupancy Expense	39,122	58,581
Postage	660	263
Legal & Professional Fees	3,967	2,658
Repair Expense	25,818	13,353
Salaries and Wages	357,675	292,818
Payroll Taxes	33,752	42,414
Service Contracts	2,776	8,009
Supplies	25,401	23,708
Training	3,632	52
Volunteer Appreciation	8,040	6,890
	1,192,302	1,209,951
CHANGE IN NET ASSETS	132,950	97,460
NET ASSETS - BEGINNING OF YEAR	1,533,494	1,436,034
NET ASSETS - END OF YEAR	\$ 1,666,444	\$ 1,533,494

See accompanying notes and independent accountants' review report

The Re Uzit Shop of New Holland, Inc.
 Statements of Cash Flows - Modified Cash Basis
 For the Years Ended March 31, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 132,950	\$ 97,460
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	64,716	59,642
Increase (Decrease) in Gift Card Liabilities	379	25
Increase (Decrease) in Credit Card Liabilities	2,475	-
Increase (Decrease) in Payroll and Sales Taxes	4,917	(4,172)
	<u>205,437</u>	<u>152,955</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(98,408)	(82,844)
Change in Escrow for Parking Lot	(46)	4,450
	<u>(98,454)</u>	<u>(78,394)</u>
NET CASH USED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING		
Payments of Mortgage Principal	(140,030)	(116,838)
	<u>(140,030)</u>	<u>(116,838)</u>
NET CASH USED BY FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH	(33,047)	(42,277)
CASH AT BEGINNING OF YEAR	<u>255,152</u>	<u>297,429</u>
CASH AT END OF YEAR	<u>\$ 222,105</u>	<u>\$ 255,152</u>

See accompanying notes and independent accountants' review report

THE RE UZIT SHOP OF NEW HOLLAND, INC.

Notes to the Financial Statements

For the Years Ended March 31, 2017 and 2016

NOTE 1- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Re Uzit Shop of New Holland, Inc is a not-for-profit organization established for the purposes of selling donated new and used clothing, decorative items, books, cards, magazines, and housewares items. Profits benefit the Mennonite Central Committee's relief programs around the world. On November 30, 1990, the Organization incorporated as a Pennsylvania not-for-profit corporation and is located in New Holland, PA.

Basis of Accounting - The Organization's policy is to prepare its financial statements on a modified cash basis of accounting that includes the recording of property and equipment and long-term liabilities. Certain support and revenue is recognized when received rather than when earned and certain expenses are recognized when cash is disbursed rather than when the obligation is incurred. Therefore, inventories, accounts and pledges receivable, accounts payable, and accrued expenses, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statements.

Restricted and Unrestricted Revenue - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Property and Equipment - Property and equipment are stated at cost. Expenditures for renewals and improvements that significantly add to productive capacity or to extend the useful life of an asset are capitalized. Maintenance and repairs are charges to expense as incurred. When depreciable property is retired or otherwise disposed of, the cost and related depreciation of the property is eliminated from the accounts and the resultant gain or loss is reflected in income. Depreciation is computed by the straight-line method at rates based on estimated service lives. Depreciation expense was \$64,716 and \$59,642 for the years ended March 31, 2017 and 2016, respectively.

Contributed Services - Many individuals volunteer their time and perform a variety of tasks that assist the Organization's fundraising campaigns and program services. No amounts have been reflected in the financial statements for these donated services in accordance with the modified cash basis of accounting.

Income Taxes - No provision has been made for income taxes in the financial statements. The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. This code section enables the Organization to accept donations which qualify as charitable contributions to the donor.

Open Tax Years - The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the fiscal years ending March 31, 2017, 2016, 2015, and 2014 are subject to examination by the IRS, generally for 3 years after they were filed.

See independent accountants' review report

THE RE UZIT SHOP OF NEW HOLLAND, INC.

Notes to the Financial Statements

For the Years Ended March 31, 2017 and 2016

NOTE 1-CONTINUED

Concentrations of Credit Risk - Certain financial instruments potentially subject the Organization to concentrations of credit risk. These financial instruments consist primarily of cash and money market accounts. The Organization places its cash investments with high credit quality financial institutions. The organization maintains bank accounts at more than one bank to assure that they do not exceed FDIC insurance limits at any bank.

Presentation of Sales Tax - The State of Pennsylvania and counties within the State impose a sales tax on all of the Organization's sales to non-exempt customers. The Organization collects that sales tax from customers and remits the entire amount to the State. The Organization's accounting policy is to exclude the tax collected and remitted to the State from revenue and cost of sales.

Advertising - The Organization expenses costs of advertising as the costs are incurred. Advertising expense was \$61,269 and \$47,650 for the years ended March 31, 2017 and 2016, respectively.

Tax Liability - There was no unrelated business income during the years ended March 31, 2017 and 2016, respectively. The Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Cash and Cash Equivalents - Cash and cash equivalents are defined as cash on hand, demand deposits, money market, and certificates of deposit with financial institutions.

	<u>2017</u>	<u>2016</u>
Cash on Hand	\$ 165,435	\$ 165,434.71
Saving and Temporary Cash Investment	\$ 56670	\$ 29307
		\$ 225845

Cash paid for interest was \$5,031 and \$8,162 for the years ended March 31, 2017 and 2016, respectively.

Grant Expense

For the year ended March 31, 2017, included in the \$458,818 of grant expense \$406,373 was paid to Mennonite Central Committee per the mission of the Organization.

For the year ended March 31, 2016, included in the \$548,090 of grant expense \$505,640 was paid to Mennonite Central Committee per the mission of the Organization.

NOTE 2 - USE OF ESTIMATES - The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

See independent accountants' review report

THE RE UZIT SHOP OF NEW HOLLAND, INC.

Notes to the Financial Statements

For the Years Ended March 31, 2017 and 2016

NOTE 3 – LONG-TERM DEBT - The Organization borrowed \$850,000 on July 7, 2010 to purchase real estate at 707 West Main Street, New Holland, PA. The mortgage interest rate is variable, based on the cost of funds on deposit in the Church Investment Loan Fund of Eastern Mennonite Missions, currently at 3.50%, payable monthly, and is secured by the land and building.

Maturities of long-term debt for each of the next five years are as follows:

<u>Year Ending March 31,</u>	
2018	\$ 57,644
2019	-
2020	-
2021	-
2022	-
	<u>\$ 57,644</u>

NOTE 4 - SUBSEQUENT EVENTS - Management has evaluated subsequent events through October 18, 2017, the date which the financial statements were available to be issued.

See independent accountants' review report

THE RE UZIT SHOP OF NEW HOLLAND, INC.
Statement of Functional Expenses - Modified Cash Basis
For the Year Ended March 31, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Expenses				
Grants and Other Assistance	\$ 458,818	\$ -	\$ -	\$ 458,818
Salaries and Wages	278,277	79,398	-	357,675
Payroll Taxes	26,327	7,425	-	33,752
Professional Fees	9,043	3,967	-	13,010
Advertising and Promotion	-	-	61,269	61,269
Office Expenses	-	2,521	-	2,521
Occupancy	35,916	3,206	-	39,122
Interest Expense	5,031	-	-	5,031
Depreciation Expense	53,846	10,870	-	64,716
Insurance Expense	71,488	-	-	71,488
Repairs and Maintenance	25,818	-	-	25,818
Supplies	25,365	36	-	25,401
Bank Fees	15,400	329	-	15,729
Service Contracts	-	2,776	-	2,776
Volunteer Appreciation	-	8,040	-	8,040
Training	3,632	-	-	3,632
Miscellaneous	1,914	860	-	2,774
Equipment Rent	217	-	-	217
Dues and Subscriptions	-	205	-	205
Licenses	-	308	-	308
Total Functional Expenses	<u>\$ 1,011,092</u>	<u>\$ 119,941</u>	<u>\$ 61,269</u>	<u>\$ 1,192,302</u>

See Independent accountants' review report

THE RE UZIT SHOP OF NEW HOLLAND, INC.
Statement of Functional Expenses - Modified Cash Basis
For the Year Ended March 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Expenses				
Grants and Other Assistance	\$ 548,090	\$ -	\$ -	\$ 548,090
Salaries and Wages	244,672	48,146	-	292,818
Payroll Taxes	35,628	6,786	-	42,414
Professional Fees	6,710	2,658	-	9,368
Advertising and Promotion	-	-	47,650	47,650
Office Expenses	-	2,126	-	2,126
Occupancy	54,798	4,792	-	59,590
Interest Expense	8,162	-	-	8,162
Depreciation Expense	50,358	9,284	-	59,642
Insurance Expense	68,855	-	-	68,855
Repairs and Maintenance	13,353	-	-	13,353
Supplies	23,708	-	-	23,708
Bank Fees	17,925	200	-	18,125
Service Contracts	-	8,009	-	8,009
Volunteer Appreciation	-	6,890	-	6,890
Training	52	-	-	52
Miscellaneous	-	274	-	274
Dues and Subscriptions	-	765	-	765
Licenses	-	60	-	60
Total Functional Expenses	<u>\$ 1,072,311</u>	<u>\$ 89,990</u>	<u>\$ 47,650</u>	<u>\$ 1,209,951</u>

See independent accountants' review report

