

**REBUILDING TOGETHER SILICON VALLEY**

**FINANCIAL STATEMENTS**

**July 31, 2019**

**REBUILDING TOGETHER SILICON VALLEY  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Rebuilding Together Silicon Valley  
San Jose, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Rebuilding Together Silicon Valley, a California non-profit public benefit corporation, which comprise the statement of financial position as of July 31, 2019, and the related statements of activities and changes in net assets, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 risks 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 policies 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 Rebuilding Together Silicon Valley as of July 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

The financial statements of Rebuilding Together Silicon Valley as of July 31, 2018, were audited by other auditors whose report dated November 27, 2018, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, on our consideration of Rebuilding Together Silicon Valley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rebuilding Together Silicon Valley's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rebuilding Together Silicon Valley's internal control over financial reporting and compliance.

*Vacker Knutoffson and Co.*

San Mateo, California  
December 16, 2019

**REBUILDING TOGETHER SILICON VALLEY**  
**STATEMENT OF FINANCIAL POSITION**  
**As of July 31, 2019**  
**(With Comparative Totals for July 31, 2018)**

	2019	2018
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 576,362	\$ 841,100
Investments	823,414	358,850
Contribution and grant receivable	335,239	339,543
Prepaid expenses	16,098	12,090
Building supplies inventory	19,126	29,479
Total Current Assets	1,770,239	1,581,062
<b>Fixed Assets:</b>		
Property and equipment - net	44,600	23,750
<b>Other Assets:</b>		
Deposits	4,464	4,464
Total Assets	\$ 1,819,303	\$ 1,609,276
<b>Liabilities and Net Assets:</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 28,904	\$ 17,869
Accrued liabilities	85,341	81,510
Deferred rent	-	4,472
Deferred event revenue	42,204	27,383
Total Current Liabilities	156,449	131,234
Total Liabilities	156,449	131,234
<b>Net Assets:</b>		
Without donor restrictions		
Undesignated	1,239,429	1,096,709
Board designated reserve	340,425	300,000
Total Without Donor Restrictions	1,579,854	1,396,709
With donor restrictions	83,000	81,333
Total Net Assets	1,662,854	1,478,042
Total Liabilities Net Assets	\$ 1,819,303	\$ 1,609,276

See accompanying notes to financial statements.

**REBUILDING TOGETHER SILICON VALLEY**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Year Ended July 31, 2019**  
**(With Comparative Totals for the Year Ended July 31, 2018)**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenues, Gains and Other Support:</b>				
Contribution and Net Revenue				
Sponsorship	\$ 567,362	\$ 63,000	\$ 630,362	\$ 533,109
Government grants	1,783,864	-	1,783,864	1,836,821
In-kind donations	239,316	-	239,316	222,945
Contributions	266,834	20,000	286,834	300,861
Special event (net of direct expenses of \$91,765 and \$63,663)	38,156	-	38,156	29,054
Net investment income	16,295	-	16,295	23,070
Other income	420	-	420	597
	2,912,247	83,000	2,995,247	2,946,457
Net assets released from restriction	81,333	(81,333)	-	-
Total Revenues, Gains and Other Support	2,993,580	1,667	2,995,247	2,946,457
<b>Expenses:</b>				
Program Services	2,528,089	-	2,528,089	2,505,624
Supporting Services				
Management and general	126,922	-	126,922	127,737
Fundraising	155,424	-	155,424	127,460
Total Supporting Services	282,346	-	282,346	255,197
Total Expenses	2,810,435	-	2,810,435	2,760,821
<b>Change in Net Assets</b>	183,145	1,667	184,812	185,636
<b>Net Assets:</b>				
Beginning of Year	1,396,709	81,333	1,478,042	1,292,406
End of Year	\$ 1,579,854	\$ 83,000	\$ 1,662,854	\$ 1,478,042

See accompanying notes to financial statements.

**REBUILDING TOGETHER SILICON VALLEY**  
**STATEMENT OF CASH FLOWS**  
**For The Year Ended July 31, 2019**  
**(With Comparative Totals for the Year Ended July 31, 2018)**

	2019	2018
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 184,812	\$ 185,636
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	10,687	11,075
Contribution of donated stock	-	(23,884)
Net realized and unrealized gain on investments	(5,669)	(17,598)
Changes in operating assets and liabilities:		
Decrease/(Increase) in contribution and grants receivable	4,304	(20,436)
Decrease/(Increase) in building supplies inventory	10,353	(174)
(Increase)/Decrease in prepaid expenses	(4,008)	2,584
Increase/(Decrease) in accounts payable	11,035	(6,142)
Decrease in deferred rent	(4,472)	(4,656)
Increase in deferred event revenue	14,821	11,308
Increase in accrued liabilities	3,831	19,865
Net Cash Provided by Operating Activities	225,694	157,578
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sale of investments other than money market funds	552,375	17,942
Purchases of investments other than money market funds	(1,013,581)	-
Proceeds from money market fund transactions	2,311	3,482
Purchases of property and equipment	(31,537)	(20,723)
Net Cash (Used in)/Provided by Investing Activities	(490,432)	701
Net (Decrease)/Increase in Cash and Cash Equivalents	(264,738)	158,279
<b>Cash and Cash Equivalents:</b>		
Beginning of year	841,100	682,821
End of year	\$ 576,362	\$ 841,100

**Non-cash investing and financing activities:**

During the year ended July 31, 2018, there were in-kind contributions of stock in the amount of \$23,884.

See accompanying notes to financial statements.

**REBUILDING TOGETHER SILICON VALLEY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended July 31, 2019**  
**(With Comparative Totals for July 31, 2018)**

	2019				2018	
	Program Services	Supporting Services				
	Home and Facility Repairs	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries and wages	\$ 675,991	\$ 84,377	\$ 111,529	\$ 195,906	\$ 871,897	\$ 778,207
Payroll taxes and benefits	137,609	18,806	20,374	39,180	176,789	132,912
Total salaries and related expenses	813,600	103,183	131,903	235,086	1,048,686	911,119
Program materials and supplies	1,325,463	-	-	-	1,325,463	1,461,312
In-kind materials	77,142	-	-	-	77,142	60,863
In-kind labor	77,708	-	-	-	77,708	89,029
Equipment rental and purchase	36,412	-	-	-	36,412	10,348
Rent and facility expenses	81,300	4,517	4,517	9,034	90,334	72,804
Insurance	24,388	2,243	1,009	3,252	27,640	25,292
Office, printing and related costs	29,717	1,535	8,950	10,485	40,202	33,572
Fundraising and marketing	2,038	1,008	3,418	4,426	6,464	11,433
Professional fees	16,064	14,347	3,994	18,341	34,405	42,024
Training	8,055	89	89	178	8,233	1,496
Travel	25,514	-	1,544	1,544	27,058	27,820
Miscellaneous	-	-	-	-	-	2,634
Total expenses before depreciation and amortization	2,517,401	126,922	155,424	282,346	2,799,747	2,749,746
Depreciation and amortization	10,688	-	-	-	10,688	11,075
Total Expenses	<u>\$ 2,528,089</u>	<u>\$ 126,922</u>	<u>\$ 155,424</u>	<u>\$ 282,346</u>	<u>\$ 2,810,435</u>	<u>\$ 2,760,821</u>

See accompanying notes to financial statements

**REBUILDING TOGETHER SILICON VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements follows:

**1. Nature of Activities**

Repairing homes, revitalizing communities, rebuilding lives is the mission of Rebuilding Together Silicon Valley. Since 1991, the organization has transformed the lives of our neighbors in need by improving the safety and health of their homes and revitalizing our community. The organization provides facility repairs and maintenance activities for nonprofit organizations, to allow them to focus on serving clients rather than paying for repairs.

Annually, more than 1,500 volunteers gather to complete safety repairs and accessibility modifications and improvements to preserve affordable homeownership and restore safe living environments. All work is provided at no cost to the owner, with materials provided through donations and funds from area government, businesses, organizations, faith communities and private individuals. Since inception, over 38,837 local volunteers have repaired and transformed over 4,153 homes and non-profit community facilities in the Silicon Valley community.

**2. Basis of Presentation and Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization classifies its net assets and changes in net assets as follows:

**Net Assets Without Donor Restrictions:**

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. The governing board has designated, from net assets without donor restrictions, net assets for an operating and board-designated reserve.

**Net Assets With Donor Restrictions:**

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Rebuilding Together Silicon Valley or by passage of time. Other donor restrictions may be perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Rebuilding Together Silicon Valley does not hold funds in perpetuity as of July 31, 2019. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**REBUILDING TOGETHER SILICON VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principle. Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended July 31, 2018, from which the summarized information was derived. Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

**4. 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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

**5. 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.

**6. Contribution and Grant Receivable**

The Organization considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

**7. Inventory**

Building supplies inventory consists of materials purchased and received for repair and rebuilding projects, not for resale, and is stated at the lower of cost or market.

**8. Property and Equipment**

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over \$2,000 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets which range from 3 to 5 years. Depreciation is charged to the activity benefiting from the use of the property or equipment. Leasehold improvements are amortized over the remaining lease term.

**REBUILDING TOGETHER SILICON VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**9. Accrued Vacation**

Accrued vacation represents vacation earned but not taken as of July 31, 2019 and 2018 and is included in “accrued liabilities” in the statement of financial position. The accrued vacation balances as of July 31, 2019 and 2018 were \$48,263 and \$44,512, respectively.

**10. Revenue Recognition**

Contributions are recognized when the donor makes a promise to the Organization that is, in substance, unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction.

**11. Contributions In-Kind**

The Organization records donated equipment and other donated goods at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered.

**12. Expense Allocation**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, management and general expenses by function have been allocated among program and supporting services classifications based upon time and usage. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**13. Income Taxes**

Rebuilding Together Silicon Valley is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and state income taxes under Section 23701 (d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 (b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509 (a)(1) of the Internal Revenue Code.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all the Position taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

**REBUILDING TOGETHER SILICON VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**13. Income Taxes (Continued)**

The Organization's federal returns for the years ended July 31, 2018, 2017, and 2016 could be subject to examination by federal taxing authorities, generally for three years after they are filed. The Organization's state returns for the years ended July 31, 2018, 2017, 2016 and 2015 could be subject to examination by state taxing authorities, generally for four years after they are filed.

**14. Advertising**

The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expenses for the year ended July 31, 2019 was \$-0-.

**15. Deferred Event Revenue**

The amount of \$42,204 in deferred event revenue consists primarily of ticket sales and underwritten funds for Paint the Town fundraiser.

**16. Accounting Pronouncements Adopted**

In August 2016, the Financial Accounting Standards Board (FASB) issued Auditing Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification by providing new information about liquidity and availability of resources. The new presentation also adds more consistency in the type of information provided about expenses and investment returns.

**17. Recent Accounting Pronouncements**

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement or cancellation of liabilities, is a contribution or an exchange transaction. It provides a framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The amendments in this ASU related to contributions received are effective for annual financial statements issued for fiscal year beginning after December 15, 2018, while the amendments related to contributions made are effective one year later. The Organization is currently evaluating the impact of these pronouncements on its financial statements.

**REBUILDING TOGETHER SILICON VALLEY  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE B – FAIR VALUE MEASUREMENTS AND INVESTMENTS**

Fair Value Measurements

Fair value is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

*Level 1:* Quoted prices in active markets for identical securities.

*Level 2:* Inputs other than quoted prices for identical assets or liabilities that are observable in the marketplace. For example, Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates and yield curves, credit risks, and default rate).

*Level 3:* Inputs that are not observable in the market and reflect the Organization’s best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The Organization maintains an investment account at Morgan Stanley, which consists of equity securities of various companies and a certificate of deposit. The securities are adjusted to fair market value as of the close of the fiscal year and the difference in market value from one year to the next is recorded as investment income in the statement of activities.

The following schedule presents the balances of assets measured at fair value on a recurring basis at of July 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
<b>Investments</b>		
Equity Securities (Level 1)	\$ 330,779	\$ 321,660
Money Market Funds (Level 1)	34,879	37,190
Certificate of Deposit (Level 1)	457,756	-
<b>Total</b>	<u>\$ 823,414</u>	<u>\$ 358,850</u>

Net investment income consists of the following at July 31, 2019:

Interest and dividends	\$ 14,122
Net realized and unrealized gain	5,669
Investment expenses	<u>(3,496)</u>
Total net investment income	<u>\$ 16,295</u>

**REBUILDING TOGETHER SILICON VALLEY  
NOTES TO FINANCIAL STATEMENTS**

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**NOTE C – PROPERTY AND EQUIPMENT, NET**

The cost and related accumulated depreciation of the property and equipment consisted of the following as of:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 110,233	\$ 78,695
Software	5,723	5,723
Leasehold Improvements	<u>22,142</u>	<u>22,142</u>
	138,098	106,560
Less Accumulated Depreciation	<u>(93,498)</u>	<u>(82,810)</u>
Net Property and Equipment	<u>\$ 44,600</u>	<u>\$ 23,750</u>

Depreciation expense for the years ended July 31, 2019 and 2018 were \$10,688 and \$11,075, respectively.

**NOTE D – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of July 31, 2019 and 2018 are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Program:		
Fall Rebuilding Projects	\$ 33,000	\$ 68,000
Safe and Healthy Housing	-	13,333
Team Build	<u>50,000</u>	<u>-</u>
Total	<u>\$ 83,000</u>	<u>\$ 81,333</u>

During the year ended July 31, 2019, net assets were released from donor restrictions by incurring expenses satisfying the purpose and timing restriction specified by donors as follows:

Program:	
Fall Rebuilding Projects	\$ 68,000
Safe and Healthy Housing	13,333
Total	<u>\$ 81,333</u>

**NOTE E – CONCENTRATIONS OF CREDIT RISK**

The Organization typically maintains cash and cash equivalents and temporary investments in local banks which may, at times, exceed the Federal Deposit Insurance Corporation's limits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal credit risk. The Organization has not experienced any losses on its cash and cash equivalents.

**REBUILDING TOGETHER SILICON VALLEY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE F – DONATED SERVICES AND MATERIALS**

1. The Organization received donated services from a variety of unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the services do not require specialized skills. During the year ended July 31, 2019, these volunteers donated approximately 13,942 hours with an estimated value of \$405,573. This value was computed using an hourly rate of \$29.09. This amount is based upon the average hourly earnings of volunteer time as determined by the Independent Sector. Also, for the year ended July 31, 2019, \$1,600 of donated equipment was recognized.
2. The Organization also received donated services and material which were recorded at market value as follows:

	<u>2019</u>
Donated items for fundraising event	\$ 60,446
Donated materials and equipment	101,162
Donated labor (professional)	<u>77,708</u>
Total	<u>\$ 239,316</u>

**NOTE G – COMMITMENT, RELATED PARTY**

The Organization is an affiliated of Rebuilding Together. Under the Affiliate Partnership Agreement, Rebuilding Together Silicon Valley is required to contribute an established percentage of its annual monetary income each year to the national organization as a dues for affiliation. The dues fee for the year ended July 31, 2019 was \$15,000.

**NOTE H – OPERATING LEASE**

On January 10, 2014 the organization moved and entered a new lease, term beginning February 1, 2014 and ending April 30, 2019 with an option to extend for an additional 60 months available when the term expires. The Organization elected to extend the lease to April 30, 2024.

Future annual minimum lease payments under the lease agreements are approximately as follows:

Year ending July 31:	
2020	\$ 99,304
2021	102,283
2022	105,352
2023	108,512
2024	<u>83,202</u>
Total	<u>\$ 498,653</u>

Total rent expense for the year ended July 31, 2019 was \$65,910.

**REBUILDING TOGETHER SILICON VALLEY**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE I - AVAILABILITY AND LIQUIDITY**

As of July 31, 2019, the Organization's financial assets available within one year for general expenditures are as follows:

Cash	\$ 576,362
Receivables	335,239
Investments	<u>823,414</u>
	<u>1,735,015</u>
Less:	
Board designated reserves	340,425
Funds with donor restrictions	<u>83,000</u>
Total available for general expenditures	<u>\$ 1,311,590</u>

The Organization aims to maintain financial assets to meet 180 days of operating expenses. Additionally, the Board designed reserves can also be made available for specific purpose subject to board approval.

**NOTE J – RETIREMENT PLAN**

The organization has a 403(b) profit sharing plan that covers all eligible employees. Each participant may elect to contribute up to the maximum limit by federal law. The Organization made no contributions to the plan.

**NOTE K – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 16, 2019, the date which the financial statements were available to be issued, and determined no reportable events occurred.

**SUPPLEMENTARY INFORMATION**

**REBUILDING TOGETHER SILICON VALLEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended July 31, 2019**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Catalog of Federal Domestic Assistance Number (CFDA)</u>	<u>Pass-Through Entity Identifying Number/Contract Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development/CDBG – Entitlement Grants Cluster</u>			
Pass-through from City of San Jose			
Rebuilding House Repair 7/1/2018 – 6/30/2019	14.218	CDI-16-B15C	\$ 1,009,897
Rebuilding House Repair 7/1/2019 – 6/30/2020	14.218	CDI-16-B15D	104,378
Pass-through from County of Santa Clara			
Rebuilding House Repair 7/1/2018 – 6/30/2019	14.218	CDBG-19-01	193,948
Rebuilding House Repair 7/1/2019 – 6/30/2020	14.218	CDBG-20-01	37,877
Pass-through from City of Cupertino			
Rebuilding House Repair 7/1/2018 – 6/30/2019	14.218	Unavailable	63,071
Rebuilding House Repair 7/1/2019 – 6/30/2020	14.218	Unavailable	2,124
Pass-through from City of Milpitas			
Rebuilding House Repair 7/1/2018 – 6/30/2019	14.218	Unavailable	109,272
Rebuilding House Repair 7/1/2019 – 6/30/2020	14.218	Unavailable	23,427
Pass-through from City of Gilroy			
Rebuilding House Repair 7/1/2018 – 6/30/2019	14.218	18-254-2621-3474-4558	114,603
Rebuilding House Repair 7/1/2019 – 6/30/2020	14.218	19-254-2621-3474-4558	4,159
Total Department of Housing and Urban Development			<u>1,622,756</u>
Total Expenditures of Federal Awards			<u>\$ 1,622,756</u>

See accompanying notes to the schedule of expenditures of federal awards.

**REBUILDING TOGETHER SILICON VALLEY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended July 31, 2019**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of Federal awards (the Schedule) includes the federal award activity of Rebuilding Together Silicon Valley, under programs of the federal government for the year ended July 31, 2019 in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Rebuilding Together Silicon Valley, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Rebuilding Together Silicon Valley.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations* and the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Rebuilding Together Silicon Valley has elected not to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.



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*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
Rebuilding Together Silicon Valley  
San Jose, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rebuilding Together Silicon Valley (a nonprofit organization), which comprise the statement of financial position as of July 31, 2019, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Rebuilding Together Silicon Valley's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rebuilding Together Silicon Valley's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Rebuilding Together Silicon Valley's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Vackin Knutoffson and Co.*

San Mateo, California  
December 16, 2019



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of  
Rebuilding Together Silicon Valley  
San Jose, California

**Report on Compliance for Each Major Federal Program**

We have audited Rebuilding Together Silicon Valley's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Rebuilding Together Silicon Valley's major federal programs for the year ended July 31, 2019. Rebuilding Together Silicon Valley's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Rebuilding Together Silicon Valley's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rebuilding Together Silicon Valley's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Rebuilding Together Silicon Valley's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Rebuilding Together Silicon Valley complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended July 31, 2019.

## Report on Internal Control over Compliance

Management of Rebuilding Together Silicon Valley is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rebuilding Together Silicon Valley's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rebuilding Together Silicon Valley's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Vacki Kustoffusa and Co.*

December 16, 2019  
San Mateo, California

**REBUILDING TOGETHER SILICON VALLEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JULY 31, 2019**

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:  
 Material weaknesses identified?  yes  no  
 Significant deficiencies identified not considered  
 to be material weaknesses?  yes  None reported

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal Control over major programs:  
 Material weaknesses identified?  yes  no  
 Significant deficiencies identified not considered  
 to be material weaknesses?  yes  None reported

Type of auditor's report issued on compliance  
 for major programs: Unmodified

Any audit findings disclosed that required  
 to be reported in accordance with  
 2 CFR section 200.516(a) of Uniform Guidance?  yes  no

Identification of major programs tested:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant for transitional housing and support services / Entitlement Grants Cluster

Dollar threshold used to distinguish between  
 Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

**Section II - Financial Statement Findings**

No matters were reported.

**Section III: Federal Award Findings and Questioned Costs**

No matters were reported.