

**REBUILDING TOGETHER SILICON VALLEY**

**FINANCIAL STATEMENTS**

**July 31, 2020**

**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, 2020, 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, 2020, 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

We have previously audited Rebuilding Together Silicon Valley's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2019, 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 15, 2020, 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.

*Vocker Kristofferson and Co.*

San Mateo, California  
December 15, 2020

**REBUILDING TOGETHER SILICON VALLEY**  
**STATEMENT OF FINANCIAL POSITION**  
**As of July 31, 2020**  
**(With Comparative Totals for July 31, 2019)**

	2020	2019
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 870,832	\$ 576,362
Investments	878,618	823,414
Contribution and grant receivable	197,658	335,239
Prepaid expenses	14,138	16,098
Building supplies inventory	14,230	19,126
Total Current Assets	1,975,476	1,770,239
<b>Fixed Assets:</b>		
Property and equipment - net	30,175	44,600
<b>Other Assets:</b>		
Deposits	4,464	4,464
Total Assets	\$ 2,010,115	\$ 1,819,303
<b>Liabilities and Net Assets:</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 19,100	\$ 28,904
Accrued liabilities	116,760	85,341
Current portion of note payable	97,807	-
Deferred event revenue	-	42,204
Total Current Liabilities	233,667	156,449
<b>Long-Term Liabilities:</b>		
Note payable	95,299	-
Total Liabilities	328,966	156,449
<b>Net Assets:</b>		
Without donor restrictions		
Undesignated	1,243,724	1,239,429
Board designated reserve	437,425	340,425
Total Without Donor Restrictions	1,681,149	1,579,854
With donor restrictions	-	83,000
Total Net Assets	1,681,149	1,662,854
Total Liabilities Net Assets	\$ 2,010,115	\$ 1,819,303

See accompanying notes to financial statements.

**REBUILDING TOGETHER SILICON VALLEY**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Year Ended July 31, 2020**  
**(With Comparative Totals for the Year Ended July 31, 2019)**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Revenues, Gains and Other Support:</b>				
Contribution and Net Revenue				
Sponsorship	\$ 202,193	\$ 80,000	\$ 282,193	\$ 630,362
Government grants	2,165,009	-	2,165,009	1,783,864
In-kind donations	75,186	-	75,186	239,316
Contributions	329,497	20,000	349,497	286,834
Special event (net of direct expenses of \$16,985 and \$91,765)	184,620	-	184,620	38,156
Net investment income	30,949	-	30,949	16,295
Other income	61	-	61	420
	2,987,515	100,000	3,087,515	2,995,247
Net assets released from restriction	183,000	(183,000)	-	-
Total Revenues, Gains and Other Support	3,170,515	(83,000)	3,087,515	2,995,247
<b>Expenses:</b>				
Program Services	2,751,656	-	2,751,656	2,528,089
Supporting Services				
Management and general	158,973	-	158,973	126,922
Fundraising	158,591	-	158,591	155,424
Total Supporting Services	317,564	-	317,564	282,346
Total Expenses	3,069,220	-	3,069,220	2,810,435
<b>Change in Net Assets</b>	101,295	(83,000)	18,295	184,812
<b>Net Assets:</b>				
Beginning of Year	1,579,854	83,000	1,662,854	1,478,042
End of Year	\$ 1,681,149	\$ -	\$ 1,681,149	\$ 1,662,854

See accompanying notes to financial statements.

**REBUILDING TOGETHER SILICON VALLEY**  
**STATEMENT OF CASH FLOWS**  
**For The Year Ended July 31, 2020**  
**(With Comparative Totals for the Year Ended July 31, 2019)**

	2020	2019
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 18,295	\$ 184,812
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	11,866	10,687
Net realized and unrealized gain on investments	(13,760)	(5,669)
Donated securities	(22,884)	-
Changes in operating assets and liabilities:		
Decrease in contribution and grants receivable	137,581	4,304
Decrease in building supplies inventory	4,896	10,353
Decrease(Increase) in prepaid expenses	1,960	(4,008)
(Decrease)Increase in accounts payable	(9,804)	11,035
Decrease in deferred rent	-	(4,472)
(Decrease)Increase in deferred event revenue	(42,204)	14,821
Increase in accrued liabilities	31,419	3,831
Net Cash Provided by Operating Activities	117,365	225,694
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sale of investments other than money market funds	804,821	552,375
Purchases of investments other than money market funds	(772,696)	(1,013,581)
(Purchases)Sale of money market fund transactions	(50,685)	2,311
Disposals of property and equipment	2,559	-
Purchases of property and equipment	-	(31,537)
Net Cash Used in by Investing Activities	(16,001)	(490,432)
<b>Cash Flows From Financing Activities:</b>		
Cash received from issuance of note payable	193,106	-
Net Cash Provided by Financing Activities	193,106	-
Net Increase(Decrease) in Cash and Cash Equivalents	294,470	(264,738)
<b>Cash and Cash Equivalents:</b>		
Beginning of year	576,362	841,100
End of year	\$ 870,832	\$ 576,362

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

During the year ended July 31, 2020, there were in-kind contributions of stock in the amount of \$22,884.

See accompanying notes to financial statements.

**REBUILDING TOGETHER SILICON VALLEY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended July 31, 2020**  
**(With Comparative Totals for July 31, 2019)**

	2020				2019	
	Program Services	Supporting Services				
	Home and Facility Repairs	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries and wages	\$ 657,959	\$ 104,199	\$ 118,744	\$ 222,943	\$ 880,902	\$ 871,897
Payroll taxes and benefits	101,182	9,932	16,311	26,243	127,425	176,789
Total salaries and related expenses	759,141	114,131	135,055	249,186	1,008,327	1,048,686
Program materials and supplies	1,702,690	-	-	-	1,702,690	1,325,463
In-kind materials	12,895	-	-	-	12,895	77,142
In-kind labor	9,685	-	-	-	9,685	77,708
Equipment rental and purchase	29,216	-	-	-	29,216	36,412
Rent and facility expenses	116,352	6,464	6,464	12,928	129,280	90,334
Insurance	25,963	1,971	1,213	3,184	29,147	27,640
Marketing	6,176	-	1,545	1,545	7,721	6,464
Office, printing and related costs	36,121	3,312	5,784	9,096	45,217	40,202
Professional fees	18,921	27,737	2,365	30,102	49,023	34,406
Training	3,870	5,358	5,358	10,716	14,586	8,233
Travel	18,760	-	807	807	19,567	27,058
Total expenses before depreciation and amortization	2,739,790	158,973	158,591	317,564	3,057,354	2,799,748
Depreciation and amortization	11,866	-	-	-	11,866	10,687
Total Expenses	<u>\$ 2,751,656</u>	<u>\$ 158,973</u>	<u>\$ 158,591</u>	<u>\$ 317,564</u>	<u>\$ 3,069,220</u>	<u>\$ 2,810,435</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, 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 39,545 local volunteers have repaired and transformed over 4,458 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, 2020. 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, 2019, 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, 2020 and 2019 and is included in “accrued liabilities” in the statement of financial position. The accrued vacation balances as of July 31, 2020 and 2019 were \$45,042 and \$48,263, 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, salaries and related expenses, occupancy, 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. Total fundraising expenses for the year ended July 31, 2020 including special event expense and fundraising expenses was \$175,576.

**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 positions 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, 2019, 2018, and 2017 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, 2019, 2018, 2017 and 2016 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, 2020 was \$-0-.

**15. Change in Accounting Principles**

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 has evaluated contributions received and contributions made and has determined that there is no change as a result of the adoption of the standard.

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

**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, 2020 and 2019:

<b>Investments</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Total (2020)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total (2019)</u>
Equity Securities	\$ 350,488	\$ -	\$ 350,488	\$ 330,779	\$ -	\$ 330,779
Money Market Funds	59,748	-	59,748	34,879	-	34,879
Mutual Funds	242,088	-	242,088	-	-	-
Savings and Time Deposits	-	226,294	226,294	-	-	-
Certificate of Deposit	-	-	-	-	457,756	457,756
<b>Total</b>	<u>\$ 652,324</u>	<u>\$ 226,294</u>	<u>\$ 878,618</u>	<u>\$ 365,658</u>	<u>\$ 457,756</u>	<u>\$ 823,414</u>

Net investment income consists of the following at July 31, 2020:

Interest and dividends	\$ 21,036
Net realized and unrealized gain	13,760
Investment expenses	<u>(3,847)</u>
Total net investment income	<u>\$ 30,949</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>2020</u>	<u>2019</u>
Equipment	\$ 107,674	\$ 110,233
Software	5,723	5,723
Leasehold Improvements	<u>22,142</u>	<u>22,142</u>
	135,539	138,098
Less Accumulated Depreciation	<u>(105,364)</u>	<u>(93,498)</u>
Net Property and Equipment	<u>\$ 30,175</u>	<u>\$ 44,600</u>

Depreciation expense for the years ended July 31, 2020 and 2019 were \$11,866 and \$10,687, respectively.

**NOTE D – NOTE PAYABLE**

The Organization received a loan from Heritage Bank of Commerce in the amount of \$193,106 under the Paycheck Protection Program established by the Coronavirus Aid Relief, and Economic Security (CARES) Act. The loan is subject to a note dated April 22, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The Organization is in the process of applying for forgiveness, so no determination has been made as to whether the Organization will be eligible for forgiveness, in whole or in part. The loan matures on April 22, 2022 and bears interest at a rate of 1.00%, payable in monthly installments of principal and interest (\$10,867.42) over 24 months beginning 6 months from the date of the note. The loan may be repaid at any time with no prepayment penalty.

Amount

\$ 193,106

Less current portion

(97,807)

Long-term portion

\$ 95,299

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

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

Net assets with donor restrictions as of July 31, 2020 and 2019 are available for the following purposes:

	<u>2020</u>	<u>2019</u>
Program:		
Fall Rebuilding Projects	\$ -	\$ 33,000
Team Build	-	<u>50,000</u>
Total	<u>\$ -</u>	<u>\$ 83,000</u>

During the year ended July 31, 2020, 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	\$ 53,000
Community Revitalization	80,000
Team Build	<u>50,000</u>
Total	<u>\$ 183,000</u>

**NOTE F – 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.

**NOTE G – 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, 2020, these volunteers donated approximately 8,192 hours with an estimated value of \$225,542. This value was computed using an hourly rate of \$27.20 based upon the average hourly earnings of volunteer time as determined by the Independent Sector.
2. The Organization also received donated services and materials which were recorded at market value as follows:

	<u>2020</u>
Donated items for fundraising event	\$ 11,674
Donated office supplies and equipment	16,437
Donated professional fees and training	3,464
Donated insurance	12,031
Donated facilities	9,000
Donated materials	12,895
Donated labor (professional)	<u>9,685</u>
Total	<u>\$ 75,186</u>

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

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**NOTE H – COMMITMENT, RELATED PARTY**

The Organization is an affiliate 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, 2020 was \$20,000.

**NOTE I – 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:	
2021	\$ 102,283
2022	105,352
2023	108,512
2024	<u>83,202</u>
Total	<u>\$ 399,349</u>

Total rent expense for the year ended July 31, 2020 was \$91,264.

**NOTE J - AVAILABILITY AND LIQUIDITY**

As of July 31, 2020, the Organization's financial assets available within one year for general expenditures are as follows:

Cash	\$ 870,832
Receivables	197,658
Investments	<u>878,618</u>
	<u>1,947,108</u>
Less:	
Board designated reserves	<u>437,425</u>
Total available for general expenditures	<u>\$ 1,509,683</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.

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

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**NOTE K – 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 L – COVID-19**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a Public Health Emergency of International Concern and, on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economics and financial markets of many countries, including the geographical area in which the Organization operates. It is unknown how long these conditions will last and what the complete financial effect will be to the Organization, to date, and it is reasonably possible that the Organization is vulnerable to the risk to the risk of a near-term severe impact. As a result of the coronavirus pandemic, the Organization postponed their volunteer events in the Spring of 2020, and financial commitments tied to these events were postponed as well.

On March 27, 2020 the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families, and businesses affected by the coronavirus pandemic. In April 2020, the Organization applied for and was approved for a loan through the Paycheck Protection Program as part of the CARES Act. The total amount available through this loan is \$193,106.

**NOTE M – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 15, 2020, the date which the financial statements were available to be issued, and determined no other reportable events occurred.

**SUPPLEMENTARY INFORMATION**

**REBUILDING TOGETHER SILICON VALLEY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended July 31, 2020**

<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 7/1/2019 – 6/30/2020	14.218	CDI-16-B15E	\$ 1,395,622
Rebuilding House Repair 7/1/2020 – 6/30/2021	14.218	CDI-16-B15F	47,621
Pass-through from County of Santa Clara			
Rebuilding House Repair 7/1/2019 – 6/30/2020	14.218	CDBG-20-01	262,123
Rebuilding House Repair 7/1/2020 – 6/30/2021	14.218	CDBG-21-01	9,127
Pass-through from City of Cupertino			
Rebuilding House Repair 7/1/2019 – 6/30/2020	14.218	Unavailable	79,752
Rebuilding House Repair 7/1/2020 – 6/30/2021	14.218	Unavailable	5,529
Pass-through from City of Milpitas			
Rebuilding House Repair 7/1/2019 – 6/30/2020	14.218	Unavailable	151,573
Rebuilding House Repair 7/1/2020 – 6/30/2021	14.218	Unavailable	2,627
Pass-through from City of Gilroy			
Rebuilding House Repair 7/1/2019 – 6/30/2020	14.218	19-254-2621-3474-4558	140,205
Rebuilding House Repair 7/1/2020 – 6/30/2021	14.218	20-254-2621-3474-4558	3,509
Pass-through from City of Santa Clara			
Rebuilding House Repair 7/1/2019 – 6/30/2020	14.218	CDI-19-001	19,856
Rebuilding House Repair 7/1/2020 – 6/30/2021	14.218	CDI-20-001	1,006
Total Department of Housing and Urban Development			<u>2,118,550</u>
Total CDBG – Entitlement Grants Cluster			<u>2,118,550</u>
Total Expenditures of Federal Awards			<u>\$ 2,118,550</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, 2020**

**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, 2020 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirement, Cost Principles and Audit Requirements for Federal Awards*, 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, 2020, 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, and have issued our report thereon dated December 15, 2020.

**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) as a basis for designing 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 financial statements. 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.

*Vecker Kristofferson and Co.*

San Mateo, California  
December 15, 2020



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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, 2020. 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, 2020.

## 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.

*Vocker Kristofferson and Co.*

December 15, 2020  
San Mateo, California

**REBUILDING TOGETHER SILICON VALLEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JULY 31, 2020**

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

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal Control over major programs:		
Material weaknesses identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> 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?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> 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?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no

**Section II - Financial Statement Findings**

No matters were reported.

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

No matters were reported.