

**REBUILDING TOGETHER SILICON VALLEY**

**FINANCIAL STATEMENTS**

**July 31, 2021**

**REBUILDING TOGETHER SILICON VALLEY  
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*Certified Public Accountants*

## **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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2020, 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 14, 2021, 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.

*Vocke Kristofferson and Co.*

San Mateo, California  
December 14, 2021

**REBUILDING TOGETHER SILICON VALLEY**  
**STATEMENT OF FINANCIAL POSITION**  
**As of July 31, 2021**  
**(With Comparative Totals for July 31, 2020)**

	2021	2020
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 579,887	\$ 870,832
Investments	977,205	878,618
Contribution and grants receivable	293,128	197,658
Prepaid expenses	26,169	14,138
Building supplies inventory	10,153	14,230
Total Current Assets	1,886,542	1,975,476
<b>Fixed Assets:</b>		
Property and equipment - net	63,790	30,175
<b>Other Assets:</b>		
Deposits	4,464	4,464
Total Assets	\$ 1,954,796	\$ 2,010,115
<b>Liabilities and Net Assets:</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 9,091	\$ 19,100
Accrued liabilities	103,613	116,760
Current portion of note payable	-	97,807
Total Current Liabilities	112,704	233,667
<b>Long-Term Liabilities:</b>		
Note payable	179,973	95,299
Total Liabilities	292,677	328,966
<b>Net Assets:</b>		
Without donor restrictions		
Undesignated	911,694	1,243,724
Board designated reserve	750,425	437,425
Total Without Donor Restrictions	1,662,119	1,681,149
Total Net Assets	1,662,119	1,681,149
Total Liabilities & Net Assets	\$ 1,954,796	\$ 2,010,115

See accompanying notes to financial statements.

**REBUILDING TOGETHER SILICON VALLEY**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**For the Year Ended July 31, 2021**  
**(With Comparative Totals for the Year Ended July 31, 2020)**

	2021		2020
	Without Donor Restrictions	Total	Total
<b>Revenues, Gains and Other Support:</b>			
Contribution and Net Revenue			
Sponsorship	\$ 200,242	\$ 200,242	\$ 282,193
Government grants	2,187,905	2,187,905	2,165,009
In-kind donations	92,344	92,344	75,186
Contributions	388,980	388,980	349,497
Special event (net of direct expenses of \$3,525 and \$16,985)	110,712	110,712	184,620
Net investment income	80,226	80,226	30,949
Other income	-	-	61
Total Revenues, Gains and Other Support	3,060,409	3,060,409	3,087,515
<b>Expenses:</b>			
Program Services	2,730,733	2,730,733	2,751,656
Supporting Services			
Management and general	171,500	171,500	158,973
Fundraising	177,206	177,206	158,591
Total Supporting Services	348,706	348,706	317,564
Total Expenses	3,079,439	3,079,439	3,069,220
<b>Change in Net Assets</b>	(19,030)	(19,030)	18,295
<b>Net Assets:</b>			
Beginning of Year	1,681,149	1,681,149	1,662,854
End of Year	\$ 1,662,119	\$ 1,662,119	\$ 1,681,149

See accompanying notes to financial statements.

**REBUILDING TOGETHER SILICON VALLEY**  
**STATEMENT OF CASH FLOWS**  
**For The Year Ended July 31, 2021**  
**(With Comparative Totals for the Year Ended July 31, 2020)**

	2021	2020
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (19,030)	\$ 18,295
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	17,595	11,866
Net realized and unrealized gain on investments	(70,311)	(13,760)
Donated securities	(19,363)	(22,884)
Principal forgiven on PPP loan	(193,106)	-
Changes in operating assets and liabilities:		
(Increase)Decrease in contribution and grants receivable	(95,470)	137,581
Decrease in building supplies inventory	4,077	4,896
(Increase)Decrease in prepaid expenses	(12,031)	1,960
Decrease in accounts payable	(10,009)	(9,804)
Decrease in deferred event revenue	-	(42,204)
(Decrease)Increase in accrued liabilities	(13,147)	31,419
Net Cash (Used)Provided by Operating Activities	(410,795)	117,365
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sale of investments other than money market funds	79,512	804,821
Purchases of investments other than money market funds	(82,063)	(772,696)
Purchases of money market fund transactions	(6,362)	(50,685)
Disposal of property and equipment	-	2,559
Purchase of property and equipment	(51,210)	-
Net Cash Used by Investing Activities	(60,123)	(16,001)
<b>Cash Flows From Financing Activities:</b>		
Cash received from issuance of note payable (PPP loan)	179,973	193,106
Net Cash Provided by Financing Activities	179,973	193,106
Net (Decrease)Increase in Cash and Cash Equivalents	(290,945)	294,470
<b>Cash and Cash Equivalents:</b>		
Beginning of year	870,832	576,362
End of year	\$ 579,887	\$ 870,832

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

During the year ended July 31, 2021, there were in-kind contributions of stock in the amount of \$19,363.

During the year ended July 31, 2021, a Paycheck Protection Program (PPP) loan of \$193,106 was forgiven.

See accompanying notes to financial statements.

**REBUILDING TOGETHER SILICON VALLEY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended July 31, 2021**  
**(With Comparative Totals for July 31, 2020)**

	2021				2020	
	Program Services	Supporting Services				
	Home and Facility Repairs	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries and wages	\$ 752,190	\$ 100,418	\$ 126,947	\$ 227,365	\$ 979,555	\$ 880,902
Payroll taxes and benefits	129,998	28,975	19,540	48,515	178,513	127,425
Total salaries and related expenses	882,188	129,393	146,487	275,880	1,158,068	1,008,327
Program materials and supplies	1,521,978	-	-	-	1,521,978	1,702,690
In-kind materials	18,110	-	-	-	18,110	12,895
In-kind labor	44,636	-	-	-	44,636	9,685
Equipment rental and purchase	33,922	-	-	-	33,922	29,216
Rent and facility expenses	119,047	6,614	6,614	13,228	132,275	129,280
Insurance	6,496	361	361	722	7,218	29,147
Interest expense	-	464	-	464	464	-
Marketing	12,843	-	1,972	1,972	14,815	7,721
Office, printing and related costs	25,273	4,944	14,466	19,410	44,683	45,217
Professional fees	21,339	29,451	5,614	35,065	56,404	49,023
Training	1,366	273	1,092	1,365	2,731	14,586
Travel	25,940	-	600	600	26,540	19,567
Total expenses before depreciation and amortization	2,713,138	171,500	177,206	348,706	3,061,844	3,057,354
Depreciation and amortization	17,595	-	-	-	17,595	11,866
Total Expenses	<u>\$ 2,730,733</u>	<u>\$ 171,500</u>	<u>\$ 177,206</u>	<u>\$ 348,706</u>	<u>\$ 3,079,439</u>	<u>\$ 3,069,220</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 40,000 local volunteers have repaired and transformed over 4,500 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, 2021. 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, 2020, 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. This does not include money market funds, savings and time deposit, or certificate of deposits.

**6. Contribution and Grants 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, 2021 and 2020 and is included in “accrued liabilities” in the statement of financial position. The accrued vacation balances as of July 31, 2021 and 2020 were \$62,823 and \$45,042, 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.

Government awards consist of cost-reimbursable federal grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures have been incurred in compliance with specific grant provisions.

**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 years ended July 31, 2021 and 2020 including special event expense and fundraising expenses were \$180,731 and \$175,576, respectively.

**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.

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

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

**13. Income Taxes (Continued)**

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.

The Organization's federal returns for the years ended July 31, 2020, 2019, and 2018 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, 2020, 2019, 2018 and 2017 could be subject to examination by state taxing authorities, generally for four years after they are filed.

**14. Marketing**

The Organization's policy is to expense marketing costs as the costs are incurred. Marketing expenses for the years ended July 31, 2021 and 2020 were \$14,815 and \$7,721, respectively.

**15. Change in Accounting Principles**

ASU 2014-19, Revenue from Contracts with Customers: In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a new standard on revenue recognition. The ASU contains principles that an entity will need to apply to determine the measurement of revenue and timing of when revenue is recognized. The underlying principle is to recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The ASU has a five-step approach that includes identifying the contract or contracts, identifying the performance obligations, determining the transaction price, allocating the transaction price, and recognizing revenue. The ASU also significantly expands the quantitative and qualitative disclosure requirements for revenue, which are intended to help users of financial statements understand the nature, amount, timing, and uncertainty of revenue and the related cash flows. The ASU is effective for the Organization's fiscal year ended July 31, 2021. The adoption of this standard had an insignificant impact to the Organization's financial statements.

**16. New Accounting Pronouncements Not Yet Adopted**

ASU 2016-02, Leases: In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements in the financial statements of lessees. This ASU is effective for the Organization's fiscal year ending July 31, 2022. Management is currently evaluating the impact of the provisions of the ASU on the financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. It amends old guidance under ASC 958-605 to enhance presentation and disclosure requirements for nonprofit entities that receive contributed nonfinancial assets.

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

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

**New Accounting Pronouncements Not Yet Adopted (Continued)**

The changes in ASU 2020-07: (1) allows the reader to more clearly identify the nature and amount of contributed nonfinancial assets, (2) allow the reader to more clearly identify the amount of contributed nonfinancial assets utilized in a nonprofit's programs and other activities and (3) provide more relevant information regarding the subjective evaluations used in estimating the fair value of contributed nonfinancial assets. The ASU does not change the recognition and measurement requirements for contributed nonfinancial assets. The amendments in this ASU will be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods with annual periods beginning after June 15, 2022. Early adoption is permitted. The organization will adopt this ASU when preparing the financial statements for the year ending July 31, 2022.

**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.

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

**NOTE B – FAIR VALUE MEASUREMENTS AND INVESTMENTS (CONTINUED)**

The following schedule presents the balances of assets measured at fair value on a recurring basis as of July 31, 2021 and 2020:

<b>Investments</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Total (2021)</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total (2020)</u>
Equity Securities	\$ 466,868	\$ -	\$ 466,868	\$ 350,488	\$ -	\$ 350,488
Money Market Funds	40,111	-	40,111	59,748	-	59,748
Mutual Funds	243,741	-	243,741	242,088	-	242,088
Certificate of Deposit	<u>-</u>	<u>226,485</u>	<u>226,485</u>	<u>-</u>	<u>226,294</u>	<u>226,294</u>
<b>Total</b>	<u>\$ 750,720</u>	<u>\$226,485</u>	<u>\$ 977,205</u>	<u>\$ 652,324</u>	<u>\$ 226,294</u>	<u>\$ 878,618</u>

Net investment income consists of the following for the years ended July 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 15,713	\$ 21,036
Net realized and unrealized gain	70,311	13,760
Investment expenses	<u>(5,798)</u>	<u>(3,847)</u>
Total net investment income	<u>\$ 80,226</u>	<u>\$ 30,949</u>

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

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

	<u>2021</u>	<u>2020</u>
Equipment	\$ 107,674	\$ 107,674
Vehicle	51,209	-
Software	5,723	5,723
Leasehold Improvements	<u>22,142</u>	<u>22,142</u>
	186,748	135,539
Less Accumulated Depreciation and Amortization	<u>(122,958)</u>	<u>(105,364)</u>
Net Property and Equipment	<u>\$ 63,790</u>	<u>\$ 30,175</u>

Depreciation expense for the years ended July 31, 2021 and 2020 were \$17,595 and \$11,866, respectively.

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

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**NOTE D – NOTE PAYABLE**

<p>The Organization received a second loan from Heritage Bank of Commerce in the amount of \$179,973 under the Paycheck Protection Program established by the Coronavirus Aid Relief, and Economic Security (CARES) Act. The loan is subject to a note dated February 1, 2021 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 loan matures on February 1, 2026 and bears interest at a rate of 1.00%. The loan may be repaid at any time with no prepayment penalty. The Organization received forgiveness on the loan after the fiscal year ended July 31, 2021.</p>	<u>Amount</u>
	\$ 179,973
Less current portion	<u>(179,973)</u>
Long-term portion	<u>\$ -</u>

During the fiscal year ended July 31, 2021, Heritage Bank of Commerce forgave the first loan under the Paycheck Protection Program in the amount of \$193,106. The total amount of forgiven loan principal of \$193,106 is recorded in government grants income on the statement of activities.

**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. At July 31, 2021, balances above the insured limits were approximately \$17,000.

**NOTE F – DONATED SERVICES AND MATERIALS**

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, 2021, these volunteers donated approximately 8,203 hours with an estimated value of \$245,680. This value was computed using an hourly rate of \$29.95 based upon the average hourly earnings of volunteer time as determined by the Independent Sector.

The Organization also received donated services and materials which were reflected in program services and were recorded at estimated fair values as follows:

	2021	2020
Donated office supplies and equipment	\$ 25,598	\$ 16,437
Donated professional fees and training	4,000	3,464
Donated materials	18,110	12,895
Donated labor (professional)	44,636	9,685
Donated items for fundraising event	-	11,674
Donated insurance	-	12,031
Donated facilities	-	9,000
Total	\$ 92,344	\$ 75,186

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

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**NOTE G – 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 fees for the years ended July 31, 2021 and 2020 were \$20,000 and \$20,000, respectively.

**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:		
	2022	\$ 105,352
	2023	108,512
	2024	<u>83,202</u>
	Total	<u>\$ 297,066</u>

Total rent expense for the year ended July 31, 2021 and 2020 were \$103,243 and \$91,264, respectively.

**NOTE I - AVAILABILITY AND LIQUIDITY**

The Organization’s financial assets available within one year for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash	\$ 579,887	\$ 870,832
Receivables	293,128	197,658
Investments	<u>977,205</u>	<u>878,618</u>
	<u>1,850,220</u>	<u>1,947,108</u>
Less: Board designated reserves	<u>750,425</u>	<u>437,425</u>
Total available for general expenditures	<u>\$ 1,099,795</u>	<u>\$ 1,509,683</u>

The Organization aims to maintain financial assets to meet 180 days of operating expenses. Additionally, the Board designated 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 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 – 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 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 February 2021, the Organization applied for and was approved for a second loan through the Paycheck Protection Program as part of the CARES Act. The total amount available through this loan is \$179,973. In March 2021, the Organization's first loan through the Paycheck Protection Program was forgiven in the amount of \$193,106.

**NOTE L – SUBSEQUENT EVENTS**

In November 2021, the Organization applied for and received forgiveness of the second loan from the Paycheck Protection Program in the amount of \$179,973.

Management has evaluated subsequent events through December 14, 2021, 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, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</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 7/1/2020 – 6/30/2021	14.218	CDI-16-B15F	\$ 1,052,379
Rebuilding House Repair 7/1/2021 – 6/30/2022	14.218	CDI-16-B15F	69,967
Pass-through from County of Santa Clara			
Rebuilding House Repair 7/1/2020 – 6/30/2021	14.218	CDBG-21-01	290,873
Rebuilding House Repair 7/1/2021 – 6/30/2022	14.218	CDBG-22-01	38,578
Pass-through from City of Cupertino			
Rebuilding House Repair 7/1/2020 – 6/30/2021	14.218	Unavailable	48,989
Rebuilding House Repair 7/1/2021 – 6/30/2022	14.218	Unavailable	2,598
Pass-through from City of Milpitas			
Rebuilding House Repair 7/1/2020 – 6/30/2021	14.218	Unavailable	242,355
Rebuilding House Repair 7/1/2021 – 6/30/2022	14.218	Unavailable	2,555
Pass-through from City of Gilroy			
Rebuilding House Repair 7/1/2020 – 6/30/2021	14.218	20-254-2621-3474-4558	127,727
Rebuilding House Repair 7/1/2021 – 6/30/2022	14.218	21-254-2621-3474-4558	4,201
Pass-through from City of Santa Clara			
Rebuilding House Repair 7/1/2020 – 6/30/2021	14.218	B-20-MC-06-0022	46,641
Rebuilding House Repair 7/1/2021 – 6/30/2022	14.218	B-21-MC-06-0022	322
Total Department of Housing and Urban Development			<u>1,927,185</u>
Total CDBG – Entitlement Grants Cluster			<u>1,927,185</u>
Total Expenditures of Federal Awards			<u>\$ 1,927,185</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, 2021**

**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, 2021 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.



Vocker Kristofferson and Co.  
1700 S. El Camino Real, Suite 506  
San Mateo, CA 94402

*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, 2021, 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 14, 2021.

**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.

*Vocke Krustofferson and Co.*

San Mateo, California  
December 14, 2021



Vocker Kristofferson and Co.

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*Certified Public Accountants*

**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, 2021. 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, 2021.

## 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.

*Vicki Kristofferson and Co.*

December 14, 2021  
San Mateo, California

**REBUILDING TOGETHER SILICON VALLEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JULY 31, 2021**

**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>Federal Assistance Listing 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.