

REBUILDING TOGETHER SILICON VALLEY

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

July 31, 2012 with Comparative Totals
For the Year Ended July 31, 2011

REBUILDING TOGETHER SILICON VALLEY
CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTAL INFORMATION	
CITY AND OTHER GOVERNMENTAL FUNDING SOURCES	16



Boman Accounting Group, Inc.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rebuilding Together Silicon Valley
San Jose, California

We have audited the accompanying statement of financial position of Rebuilding Together Silicon Valley (a California nonprofit public benefit corporation) as of July 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of Rebuilding Together Silicon Valley. Our responsibility is to express an opinion on these financial statements based on the audit. The prior year summarized comparative information has been derived from Rebuilding Together Silicon Valley's financial statements and was audited by other auditors whose report dated December 7, 2011, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of city and governmental funding sources is presented for purposes of additional analysis and is not a required part of the basic 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 other 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.

Boman Accounting Group, Inc.
Campbell, California
December 13, 2012

REBUILDING TOGETHER SILICON VALLEY
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION

July 31, 2012
(With Comparative Totals for 2011)

	2012		2011
ASSETS			
Current assets			
Cash and equivalents	640,767	\$	654,377
Investments	47,810		45,198
Contribution and grant receivable	26,047		6,506
Prepaid expenses	6,770		145
Building supplies inventory	34,165		-
	755,559		706,226
Fixed assets			
Property and equipment - net	135,513		115,260
Other assets			
Deposits	7,000		7,000
Total Assets	898,072	\$	828,486
 LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	14,575	\$	32,821
Accrued liabilities	30,398		32,318
Deferred support, restricted	7,522		52,933
	52,495		118,072
Total current liabilities	52,495		118,072
Total liabilities	52,495		118,072
Net assets			
Unrestricted net assets	823,077		710,414
Temporarily restricted net assets	22,500		-
	845,577		710,414
Total net assets	845,577		710,414
Total Liabilities and Net Assets	898,072	\$	828,486

The accompanying notes are an integral part of these financial statements

REBUILDING TOGETHER SILICON VALLEY
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended July 31, 2012
(With Comparative Totals for 2011)

	Unrestricted	Temporarily Restricted	2012 Total	2011 Total
Revenues, gains and other support				
Contributions and net revenue				
Sponsorship	\$ 263,606	22,500	286,106	292,500
Non-sponsorship	556,327		556,327	612,312
In-kind donations	160,327		160,327	160,773
Contributions	69,956		69,956	59,039
Special event (net of direct expenses of \$28,134 and \$20,221)	45,685		45,685	6,389
Investment income	4,228		4,228	3,842
Loss on disposal of assets	(880)		(880)	-
Other Income	111		111	5,107
	1,099,360	22,500	1,121,860	1,139,962
 Net assets released from restriction	-	-	-	-
 Total revenues, gains and other support	1,099,360	22,500	1,121,860	1,139,962
 Expenses				
Program Services	874,250		874,250	895,975
Supporting Services:				
Management and general	80,261		80,261	71,061
Fundraising	32,186		32,186	53,016
Total expenses	986,697	-	986,697	1,020,052
 Change in net assets	112,663	22,500	135,163	119,910
 Net assets at beginning of year	710,414	-	710,414	590,504
 Net assets at end of year	\$ 823,077	\$ 22,500	\$ 845,577	\$ 710,414

The accompanying notes are an integral part of these financial statements

REBUILDING TOGETHER SILICON VALLEY
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended July 31, 2012
(With Comparative Totals for 2011)

	Program Services	Supporting Services			2012 Total Expenses	2011 Total Expenses
	Home and Facility Repairs	Management and General	Fundraising	Total		
Expenses:						
Salaries and wages	\$ 292,141	29,928	9,226	\$ 39,154	\$ 331,295	\$ 340,334
Payroll taxes and benefits	<u>51,004</u>	<u>4,585</u>	<u>1,719</u>	<u>6,304</u>	<u>57,308</u>	<u>59,103</u>
Total salaries and related expenses	343,145	34,513	10,945	45,458	388,603	399,437
Program materials & supplies	235,325	-	-	-	235,325	286,241
In-kind materials	40,608	-	-	-	40,608	44,933
In-kind labor	63,761	-	-	-	63,761	53,327
Equipment rental & purchase	2,375	-	-	-	2,375	5,072
Volunteer program	47,888	-	-	-	47,888	53,909
Rent & facility expenses	49,361	6,170	6,170	12,340	61,701	62,844
Insurance	13,651	1,549	525	2,074	15,725	12,782
Office, printing & related costs	12,367	1,275	2,067	3,342	15,709	16,031
Fundraising & marketing	2,383	-	10,083	10,083	12,466	1,201
Professional fees	8,506	33,340	1,323	34,663	43,169	40,263
Training	3,957	2,313	-	2,313	6,270	3,112
Travel	10,343	-	-	-	10,343	11,041
Miscellaneous	<u>-</u>	<u>28</u>	<u>-</u>	<u>28</u>	<u>28</u>	<u>2,341</u>
Total expenses before depreciation	833,670	79,188	31,113	110,301	943,971	992,534
Depreciation & amortization	<u>40,580</u>	<u>1,073</u>	<u>1,073</u>	<u>2,146</u>	<u>42,726</u>	<u>27,518</u>
Total expenses	<u>\$ 874,250</u>	<u>\$ 80,261</u>	<u>\$ 32,186</u>	<u>\$ 112,447</u>	<u>\$ 986,697</u>	<u>\$ 1,020,052</u>
Percentage of total	<u>88.60%</u>	<u>8.13%</u>	<u>3.26%</u>	<u>11.40%</u>	<u>100.00%</u>	

The accompanying notes are an integral part of these financial statements

REBUILDING TOGETHER SILICON VALLEY
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF CASH FLOWS

Year Ended July 31, 2012
(With Comparative Totals for 2011)

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ 135,163	\$ 119,910
Noncash items included in revenues and expenses:		
Depreciation	42,726	27,518
Loss on disposal of fixed assets	880	-
Net realized and unrealized (gains) losses on investments	(1,453)	-
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	(19,541)	55,783
Prepaid expenses	(6,625)	174
Accounts payable	(18,246)	23,237
Deferred support, restricted	(45,411)	13,933
Accrued liabilities	(1,920)	(122)
Building supplies inventory	(34,165)	-
Net cash provided by (used in) operating activities	51,408	240,433
 Cash flows from investing activities:		
Proceeds from sale of investments	-	-
Purchase of investments	(1,159)	(4,252)
Purchase of property and equipment	(63,859)	(53,078)
Net cash provided by (used in) investing activities	(65,018)	(57,330)
 Cash flows from financing activities:		
Net cash provided by (used in) financing activities	-	-
Net change in cash and cash equivalents	(13,610)	183,103
Beginning cash and cash equivalents	654,377	471,274
Ending cash and cash equivalents	\$ 640,767	\$ 654,377

The accompanying notes are an integral part of these statements

REBUILDING TOGETHER SILICON VALLEY
(A California Non-profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

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

Rebuilding Together Silicon Valley (the "Organization") believes that everyone deserves to live in a safe and healthy home. The Organization brings volunteers and communities together to improve the homes and lives of low-income homeowners in need by providing critical home safety repairs and accessibility modifications for low-income homeowners and community centers, at no cost to the recipient. The impact extends beyond individuals served to revitalize and stabilize vulnerable neighborhoods in the community.

2. Basis of Accounting

The accompanying financial statements for the Organization have been prepared on the accrual basis of accounting.

3. Basis of Presentation

Net assets are classified based on the existence or absence of donor-imposed restrictions. Net assets are defined as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations. The Organization has elected to report as an increase in unrestricted net assets any restricted support received in the current reporting period for which the restrictions have been met in the current reporting period.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

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.

REBUILDING TOGETHER SILICON VALLEY
(A California Non-profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 and is stated at the lower of cost or market. In prior years the Organization's policy was to expense supplies as received. Starting in fiscal year 2011/2012, the Organization is reflecting a value of building supplies inventory on hand at fiscal year end as a current asset.

8. Property and Equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over \$500 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.

9. Accrued Vacation

Accrued vacation represents vacation earned but not taken as of July 31, 2012 and 2011 and is included in "accrued liabilities" in the statement of financial position. The accrued vacation balances as of July 31, 2012 and 2011 was \$17,040 and \$17,420, 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

REBUILDING TOGETHER SILICON VALLEY
(A California Non-profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, certain costs have been allocated among the programs and supporting services benefited. Indirect functional expenses are allocated to program and supporting services based on an analysis of personnel time and space utilized.

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 of 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, 2011, 2010, and 2009 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, 2011, 2010, 2009, and 2008 could be subject to examination by state taxing authorities, generally for four years after they are filed.

REBUILDING TOGETHER SILICON VALLEY
(A California Non-profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

14. Advertising

The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expenses for the year ended July 31, 2012 was \$-0-.

15. Subsequent Events

Management of the Organization has evaluated events and transactions subsequent to July 31, 2012 for potential recognition or disclosure in the financial statements. The Organization did not have subsequent events that required recognition of disclosure in the financial statements for the fiscal year ended July 31, 2012. Subsequent events have been evaluated through December 13, 2012, the date the financial statements became available to be issued.

16. 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, volatilities, loss severities, 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.

17. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

REBUILDING TOGETHER SILICON VALLEY
(A California Non-profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE B — INVESTMENTS

The Organization maintains an investment account at Morgan Stanley Smith Barney, which consists of equity securities of various companies. 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 unrealized gain or loss in the statement of activities.

NOTE C — FAIR VALUE MEASUREMENTS

The table below presents the assets measured at fair values at July 31, 2012 on a recurring basis.

	<u>Total</u>	<u>Level 1</u>
Investments		
Equity securities	\$ 47,810	\$ 47,810
Total assets measured at fair value	\$ <u>47,810</u>	\$ <u>47,810</u>

The Level 1 assets consist of equity securities held with Morgan Stanley Smith Barney. The valuation method for these assets is described in Note A16.

NOTE D — PROPERTY AND EQUIPMENT

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

	<u>2012</u>	<u>2011</u>
Equipment	\$ 72,443	\$ 42,831
Ramps/Lifts	153,999	121,952
Software	21,519	21,519
	<u>247,961</u>	<u>186,302</u>
Less Accumulated Depreciation	<u>(112,448)</u>	<u>(71,042)</u>
Net Property and Equipment	\$ <u>135,513</u>	\$ <u>115,260</u>

Depreciation expense for the year ended July 31, 2012 was \$42,726.

REBUILDING TOGETHER SILICON VALLEY
(A California Non-profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE E -- TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2012 and 2011 consisted of:

		2012		2011
Program:	\$		\$	
Fall Rebuilding Projects		22,500		-
Total Temporarily Restricted Net Assets	\$	22,500	\$	-

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. At July 31, 2012 the Organization's uninsured cash balances totaled \$153,840.

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, 2012, these volunteers donated approximately 17,733 hours with an estimated value of \$428,784. This value was computed using an hourly rate of \$24.18. This amount is based upon the average hourly earnings of volunteer time as determined by the Independent Sector.
2. The Organization also received donated services and material which were recorded at market value as follows:

		2012
Donated items for fundraising event	\$	23,109
Donated materials and equipment		49,865
Donated labor (professional)		87,353
Total	\$	160,327

REBUILDING TOGETHER SILICON VALLEY
(A California Non-profit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE H — COMMITMENTS

The Organization is a member of Rebuilding Together. Under the membership agreement, Rebuilding Together Silicon Valley is required to contribute an established percentage of its monetary income each year to the national organization as a fee for membership. The membership fee for the year ended July 31, 2012 was \$7,500.

NOTE I – OPERATING LEASE

The Organization leases commercial space for operations and storage use. The lease began February 1, 2009 and expires January 31, 2014.

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

Year ending July 31:

2013	\$	57,000
2014		<u>29,000</u>
	\$	<u>86,000</u>

SUPPLEMENTAL INFORMATION

REBUILDING TOGETHER SILICON VALLEY
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
SUPPLEMENTAL SCHEDULE

City and Other Governmental Funding Sources
For the year ended July 31, 2012

	<u>Grant/ Contract Period</u>	<u>Total Grant/Contract</u>	<u>Recognized Support</u>	<u>Grant Disbursement</u>
Community Development Block Entitlement Program				
City of San Jose	7/1/2011 - 6/30/2012	\$ 254,692	\$ 254,692	\$ 254,692
County of Santa Clara	7/1/2011 - 6/30/2012	45,000	45,000	45,000
City of Cupertino	7/1/2011 - 6/30/2012	60,000	60,000	60,000
City of Cupertino	8/21/09 - 9/30/2012	53,000	15,906	15,906
City of Campbell	7/1/2011 - 6/30/2012	27,622	27,622	27,622
City of Milpitas	7/1/2011 - 6/30/2012	<u>64,444</u>	<u>64,444</u>	<u>64,444</u>
Total Community Development Block Entitlement Program Grants		<u>\$ 504,758</u>	<u>\$ 467,664</u>	<u>\$ 467,664</u>