

Rebuilding Together Peninsula
(a California nonprofit public benefit corporation)

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

Year Ended September 30, 2017

(with Comparative Totals For the Years Ended
September 30, 2016 and September 30, 2015)

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Boman Accounting Group, Inc.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rebuilding Together Peninsula
(A California Nonprofit Public Benefit Corporation)
Redwood City, California

We have audited the accompanying financial statements of Rebuilding Together Peninsula (a California non-profit public benefit corporation), which comprise the statements of financial position as of September 30, 2017, and the related statements of activities, 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 audits. 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 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 2017 financial statements referred to above present fairly, in all material respects, the financial position of Rebuilding Together Peninsula, as of September 30, 2017 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We previously audited the Rebuilding Together Peninsula's 2016 financial statements, and our report dated February 13, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived, taking into consideration the prior period adjustment noted below.

We previously audited the Rebuilding Together Peninsula's 2015 financial statements, and our report dated January 15, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived, taking into consideration the prior period adjustment noted below.

Other Matters

Prior Period Adjustment

As discussed in Note K to the financial statements, during the year September 30, 2017, management discovered that in-kind contributions of long-lived assets, specifically building renovations, were expensed instead of capitalized. As a result the Organization has restated the accompanying financial statements as of and for the years ending September 30, 2016 and September 30, 2015 to reflect the correct balance in property and equipment for those years. Our opinion is not modified with respect to these matters.

Boman Accounting Group, Inc.
Campbell, California
June 11, 2018

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

September 30, 2017
(With Comparative Totals for 2016 and 2015)

	2017	2016	2015
ASSETS			
Current assets			
Cash and equivalents	\$ 455,180	\$ 215,394	\$ 353,123
Accounts receivable	139,972	183,112	119,410
Investments	1,173,541	1,086,200	1,230,292
Prepaid expenses	15,466	10,533	16,676
Building supplies inventory	23,454	50,564	34,250
Other current assets	2,247	5,085	-
	<u>1,809,860</u>	<u>1,550,888</u>	<u>1,753,751</u>
Fixed assets			
Property and equipment - net	2,931,548	2,860,187	2,604,108
Other assets			
Promotional videos - net	31,380	22,640	25,274
Database development/conversion - net	18,783	31,305	43,827
Website development expenses - net	762	9,898	19,035
	<u>50,925</u>	<u>63,843</u>	<u>88,136</u>
Total Assets	<u>\$ 4,792,333</u>	<u>\$ 4,474,918</u>	<u>\$ 4,445,995</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	\$ 22,609	\$ 29,695	\$ 16,791
Accrued liabilities	68,725	38,429	24,788
Deferred support	-	-	-
Deferred revenue, non-program	-	-	-
	<u>91,334</u>	<u>68,124</u>	<u>41,579</u>
Total liabilities	<u>91,334</u>	<u>68,124</u>	<u>41,579</u>
Net assets			
Unrestricted net assets	4,082,496	3,911,891	3,977,479
Temporarily restricted net assets	618,503	494,903	426,937
	<u>4,700,999</u>	<u>4,406,794</u>	<u>4,404,416</u>
Total Liabilities and Net Assets	<u>\$ 4,792,333</u>	<u>\$ 4,474,918</u>	<u>\$ 4,445,995</u>

The accompanying notes are an integral part of these financial statements

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

Year Ended September 30, 2017
(With Comparative Totals for 2016 and 2015)

	2017			2016 Total	2015 Total
	Unrestricted	Temporarily Restricted	Total		
Revenues, gains and other support					
Contributions and net revenue from					
Biennial special event (Dreams Happen)					
Contributions	\$ 451,109	\$ -	\$ 451,109	\$ -	\$ 529,329
Special event revenue	25,770	5,000	30,770	-	34,650
Less: direct expenses	<u>(97,946)</u>	<u>-</u>	<u>(97,946)</u>	<u>-</u>	<u>(90,544)</u>
	378,933	5,000	383,933	-	473,435
25th anniversary special event					
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 158,681
Special event revenue	-	-	-	-	25,028
Less: direct expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,427)</u>
Net revenue from Special Event	-	-	-	-	146,282
Contributions and grants					
Donations	236,215	5,000	241,215	283,358	565,995
Foundations	176,573	387,500	564,073	367,500	102,500
Contributions in-kind	370,827		370,827	615,502	322,018
Revenues					
Government contracts	467,585		467,585	417,835	348,087
Program sponsorships	366,791	5,000	371,791	550,224	635,586
Rebuilding Together, Inc. sponsorship	-		-	-	17,000
Rental Income	17,088		17,088	-	5,700
Other income	-		-	25,500	5,002
Interest and dividend income	31,630		31,630	36,792	33,046
Net realized/unrealized gains/(losses)	<u>86,579</u>		<u>86,579</u>	<u>145,982</u>	<u>7,152</u>
	2,132,221	402,500	2,534,721	2,442,693	2,661,803
Net assets released from restriction	<u>278,900</u>	<u>(278,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	2,411,121	123,600	2,534,721	2,442,693	2,661,803
Expenses					
Program Services	1,745,344		1,745,344	1,988,720	1,565,202
Supporting Services:					
Management and general	310,882		310,882	219,876	205,225
Fundraising	<u>184,290</u>		<u>184,290</u>	<u>231,719</u>	<u>190,821</u>
Total expenses	<u>2,240,516</u>	<u>-</u>	<u>2,240,516</u>	<u>2,440,315</u>	<u>1,961,248</u>
Change in net assets	<u>170,605</u>	<u>123,600</u>	<u>294,205</u>	<u>2,378</u>	<u>700,555</u>
Net assets at beginning of year, as restated (Note K)	<u>3,911,891</u>	<u>494,903</u>	<u>4,406,794</u>	<u>4,404,416</u>	<u>3,703,861</u>
Net assets at end of year	<u>\$ 4,082,496</u>	<u>\$ 618,503</u>	<u>\$ 4,700,999</u>	<u>\$ 4,406,794</u>	<u>\$ 4,404,416</u>

The accompanying notes are an integral part of these financial statements

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

Year Ended September 30, 2017
(With Comparative Totals for 2016 and 2015)

	2017						
	Program Services	Supporting Services			Total Expenses	2016 Total Expenses	2015 Total Expenses
	Total	Management and General	Fund- Raising	Total			
Expenses:							
Salaries and wages	\$ 519,180	\$ 84,514	\$ 114,932	\$ 199,446	\$ 718,626	\$ 718,822	\$ 614,279
Payroll taxes and benefits	112,988	16,381	22,727	39,108	152,096	150,557	123,921
Total salaries and related expenses	632,168	100,895	137,659	238,554	870,722	869,379	738,200
Renovation - cash paid	694,048	-	-	-	694,048	849,324	556,855
Renovation - in-kind	202,072	-	-	-	202,072	332,379	298,703
Volunteer expenses	63,594	1,048	28	1,076	64,670	20,305	43,123
Advertising	4,477	361	1,040	1,401	5,878	15,987	15,055
Bank and investment fees	-	8,349	6,505	14,854	14,854	14,267	23,244
Dues and subscriptions	11,760	1,996	1,560	3,556	15,316	1,350	2,817
Equipment maintenance	5,827	515	627	1,142	6,969	29,792	11,666
In-kind expenses	-	-	-	-	-	805	-
Insurance	11,646	3,912	219	4,131	15,777	8,368	8,323
Newsletter	-	-	-	-	-	7,677	8,331
Occupancy	22,459	1,433	1,811	3,244	25,703	17,656	10,211
Office	6,623	1,972	2,876	4,848	11,471	3,646	2,375
Other expenses	-	199	15.00	214	214	368	-
Payroll services	-	1,939	-	1,939	1,939	1,616	1,482
Professional fees	39,405	97,872	339	98,211	137,616	94,141	71,724
Printing and postage	4,172	817	12,178	12,995	17,167	23,776	13,419
Staff training and conferences	373	16,765	297	17,062	17,435	14,328	35,899
Taxes and licenses	7,906	422	59	481	8,387	8,388	3,842
Telephone	4,406	214	276	490	4,896	11,396	8,475
Transportation	10,871	2,510	1,760	4,270	15,141	24,623	20,687
Total expenses before depreciation	1,721,807	241,219	167,249	408,468	2,130,275	2,349,571	1,874,431
Depreciation	23,537	69,663	17,041	86,704	110,241	90,744	86,591
Total expenses	<u>\$ 1,745,344</u>	<u>\$ 310,882</u>	<u>\$ 184,290</u>	<u>\$ 495,172</u>	<u>\$ 2,240,516</u>	<u>\$ 2,440,315</u>	<u>\$ 1,961,022</u>
Percentage of total	<u>77.90%</u>	<u>13.88%</u>	<u>8.23%</u>	<u>22.10%</u>	<u>100.00%</u>		

The accompanying notes are an integral part of these financial statements

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

Year Ended September 30, 2017
(With Comparative Totals for 2016 and 2015)

	2017	2016	2015
Cash flows from operating activities:			
Change in net assets	\$ 294,205	\$ 2,378	\$ 700,555
Adjustments to reconcile changes in net assets to cash provided (used) by operating activities:			
Noncash items included in revenues and expenses:			
Depreciation	110,241	90,744	86,591
Net realized and unrealized (gains) losses on investments	(86,579)	(145,982)	(7,152)
Donation of property and equipment	(143,897)	(272,318)	(23,315)
Increase (decrease) in cash resulting from changes in:			
Accounts receivable	43,140	(63,702)	(16,973)
Prepaid expenses	(4,933)	6,143	11,908
Building supplies inventory	27,110	(16,314)	4,490
Other current assets	2,838	(5,085)	435
Other assets	(20,001)	24,293	28,253
Deferred support, restricted	-	-	(15,000)
Deferred revenue, non-program	-	-	(95,527)
Accounts payable	(7,086)	12,904	(9,227)
Accrued liabilities	30,296	13,641	194
	245,334	(353,298)	665,232
 Cash flows from investing activities:			
Proceeds from sale of investments	179,491	437,255	282,641
Purchase of investments	(180,253)	(147,181)	(371,392)
Purchase of property and equipment	(4,786)	(74,505)	(405,690)
	(5,548)	215,569	(494,441)
 Net change in cash and cash equivalents	239,786	(137,729)	170,791
Beginning cash and cash equivalents	215,394	353,123	182,332
Ending cash and cash equivalents	\$ 455,180	\$ 215,394	\$ 353,123
 SUPPLEMENTAL CASH FLOW INFORMATION:			
Property acquired by in-kind contributions	\$ 143,897	\$ 272,318	\$ 23,315

The accompanying notes are an integral part of these statements

Rebuilding Together Peninsula
(A California Nonprofit 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 Peninsula (the "Organization") is a California nonprofit public benefit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of California Revenue and Taxation Code. The organization provides critical repairs, accessibility modifications and energy-efficient upgrades to low-income homes and community facilities at no cost to service recipients in San Mateo County and Northern Santa Clara County. It solicits donations of money, material, and labor in order to support these activities, which occur throughout the year.

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 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 Peninsula
(A California Nonprofit 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. Cash and cash equivalents consist mainly of cash and money market funds, and are valued using Level 1 inputs as discussed in Note B.

6. Accounts Receivable

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

7. Investments

The Organization's investments are stated at fair value in the statement of financial position, with all gains and losses included in the statement of activities. Fair value is 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. See Note B for discussion of fair value measurement.

Investments acquired by gift are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains and losses represent the change in the fair value of the individual investments for the year, or since the acquisition date, if acquired during the year.

8. 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.

9. Property and Equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over \$1,000 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 27.5 years. Depreciation is charged to the activity benefiting from the use of the property or equipment.

Rebuilding Together Peninsula
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Accrued Vacation

Accrued vacation represents vacation earned, but not taken as of September 30, 2017 and is included in "accrued liabilities" in the statement of financial position. The accrued vacation balance as of September 30, 2017, 2016, and 2015 was \$33,724, \$30,739, and \$20,321, respectively.

11. Revenue Recognition

Contributions and grants 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 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.

Contributions related to special events are recognized in the period that the event occurs.

Government contracts are on a cost-reimbursement basis. Revenue is recognized as the service is performed up to the maximum allowed amount allowed by the contract.

Program sponsorships are recognized in the period when the service has been provided. Payments collected in advance are reflected as deferred revenue in the statement of financial position.

12. 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.

13. 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.

Rebuilding Together Peninsula
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

14. Income Taxes

Rebuilding Together Peninsula 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 September 30, 2016, 2015, and 2014 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 September 30, 2016, 2015, 2014, and 2013 could be subject to examination by state taxing authorities, generally for four years after they are filed.

15. Advertising

The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expenses for the years ended September 30, 2017, 2016, and 2015 was \$5,878, \$15,987 and \$15,055, respectively.

16. Impairment of Long-Lived Assets

The Organization reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. For the year ended September 30, 2017 there were no events or changes in circumstances indicating that the carrying amount of the property and equipment may not be recoverable.

Rebuilding Together Peninsula
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

17. Prior Year Comparative Information

The financial statements include certain prior years summarized comparative information in total by net asset class or program and supporting service classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Company's financial statements for the years ended September 30, 2016, and September 30, 2015 from which the summarized information was derived.

18. Reclassifications

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

19. Subsequent Events

Management of the Organization has evaluated events and transactions subsequent to September 30, 2017 for potential recognition or disclosure in the financial statements. The Organization did not have subsequent events that required recognition or disclosure in the financial statements for the fiscal year ended September 30, 2017. Subsequent events have been evaluated through June 11, 2018, the date the financial statements became available to be issued.

NOTE B — INVESTMENTS

Investments consist of the following at September 30, 2017, 2016 and 2015:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Corporate Bonds	\$ 317,909	\$ 200,480	\$ 259,856
Corporate Equities	798,968	825,304	886,855
Mutual Funds	-	-	28,105
REIT	22,264	30,360	35,388
ETF	<u>34,400</u>	<u>30,056</u>	<u>20,088</u>
Total Investments	\$ <u>1,173,541</u>	\$ <u>1,086,200</u>	\$ <u>1,230,292</u>

Investments are measured at fair value. Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Rebuilding Together Peninsula
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE B — INVESTMENTS — CONTINUED

Level 2: Inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Significant unobservable inputs for the asset or liability.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of September 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate Bonds	\$ -	\$ 317,909	\$ -
Corporate Equities	798,968	-	-
REIT	-	-	22,264
Exchange Traded Funds	34,400	-	-
	<u>833,368</u>	<u>317,909</u>	<u>22,264</u>
Total Investments	\$ <u>833,368</u>	\$ <u>317,909</u>	\$ <u>22,264</u>

NOTE C — PREPAID EXPENSES

Prepaid expenses at September 30, 2017, 2016, and 2015 are summarized as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Prepaid insurance	\$ 12,759	\$ 10,380	\$ 16,199
Prepaid Equipment Lease	152	153	169
Prepaid Copier Maintenance	-	-	308
Other Prepaid Expense	2,555	-	-
Total	\$ <u>15,466</u>	\$ <u>10,533</u>	\$ <u>16,676</u>

Rebuilding Together Peninsula
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE D — PROPERTY AND EQUIPMENT

The cost and related accumulated depreciation of the property and equipment as of September 30, 2017, 2016, and 2015 consisted of the following:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Building	\$ 738,297	\$ 738,297	\$ 738,297
Building Improvements	1,340,179	1,198,251	895,728
Land	1,287,613	1,287,613	1,287,613
Furniture and Equipment	131,742	124,984	109,977
Automobile	15,000	15,000	15,000
	<u>3,512,831</u>	<u>3,364,145</u>	<u>3,046,615</u>
Less accumulated depreciation	<u>(581,283)</u>	<u>(503,958)</u>	<u>(442,507)</u>
Property and Equipment, Net	<u>\$ 2,931,548</u>	<u>\$ 2,860,187</u>	<u>\$ 2,604,108</u>

Depreciation expense for the years ended September 30, 2017, 2016 and 2015 was \$110,241, \$90,743, and \$86,591 respectively.

The cost and related accumulated amortization of the promotional videos, database development/conversion and the website as of September 30, 2017, 2016, and 2015 consisted of the following:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Promotional videos	\$ 57,968	\$ 37,967	\$ 32,967
	<u>57,968</u>	<u>37,967</u>	<u>32,967</u>
Less accumulated amortization	<u>(26,588)</u>	<u>(15,327)</u>	<u>(7,693)</u>
Promotional videos, Net	<u>\$ 31,380</u>	<u>\$ 22,640</u>	<u>\$ 25,274</u>

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Database development/ conversion	\$ 62,610	\$ 62,610	\$ 62,610
	<u>62,610</u>	<u>62,610</u>	<u>62,610</u>
Less accumulated amortization	<u>(43,827)</u>	<u>(31,305)</u>	<u>(18,783)</u>
Database development/ conversion, Net	<u>\$ 18,783</u>	<u>\$ 31,305</u>	<u>\$ 43,827</u>

Rebuilding Together Peninsula
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NOTES TO FINANCIAL STATEMENTS

NOTE D — PROPERTY AND EQUIPMENT – CONTINUED

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Website	\$ 45,683	\$ 45,683	\$ 45,683
	<u>45,683</u>	<u>45,683</u>	<u>45,683</u>
Less accumulated amortization	<u>(44,921)</u>	<u>(35,785)</u>	<u>(26,648)</u>
Website, Net	<u>\$ 762</u>	<u>\$ 9,898</u>	<u>\$ 19,035</u>

NOTE E — TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of September 30, 2017, 2016, and 2015 consisted of:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Time Restriction	\$ 15,000	\$ -	\$ -
Team Build Projects	15,000	15,000	30,000
Healthy Housing Challenge	353,503	349,903	336,937
Safe at Home	110,000	95,000	60,000
FMA Budget Project	-	15,000	-
Actionable Insights	-	20,000	-
Accessory Dwelling Unit Project	<u>125,000</u>	<u>-</u>	<u>-</u>
Total Temporarily Restricted Net Assets	<u>\$ 618,503</u>	<u>\$ 494,903</u>	<u>\$ 426,937</u>

During the fiscal year ended September 30, 2017, the Organization's temporarily restricted net asset activity consisted of the following:

<u>Restricted Purpose</u>	<u>Beginning</u>	<u>Additions</u>	<u>Released</u>	<u>Ending</u>
Time Restriction	\$ -	\$ 15,000	\$ -	\$ 15,000
Team Build Projects	15,000	77,500	77,500	15,000
Healthy Housing Challenge	349,903	5,000	1,400	353,503
Safe at Home	95,000	175,000	160,000	110,000
FMA Budget Project	15,000	-	15,000	-
Actionable Insights	20,000	5,000	25,000	-
Accessory Dwelling Unit Project	<u>-</u>	<u>125,000</u>	<u>-</u>	<u>125,000</u>
Total Temporarily Restricted Net Assets	<u>\$ 494,903</u>	<u>\$ 402,500</u>	<u>\$ 278,900</u>	<u>\$ 618,503</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE F — CONCENTRATIONS

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.

Approximately 65% of the government contracts awarded during the year ended September 30, 2017 are from County of San Mateo. The ability of certainty of the Organization's grants and awards to continue to provide amounts comparable with prior years may be dependent upon current and future economic conditions and budget constraints. While the Board of Directors believes the Organization has the resources to continue current and future programs, its ability to do so, and the extent to which it does, may be dependent on the above factors.

NOTE G — COMMITMENT

The Organization is a member of Rebuilding Together. Under the membership agreement, Rebuilding Together Peninsula 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 September 30, 2017 was \$14,000.

NOTE H — 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 September 30, 2017, these volunteers donated approximately 17,720 hours with an estimated value of \$526,107. This value was computed using an hourly rate of \$29.69. This amount is based upon the average hourly earnings of nonagricultural workers for the fiscal year ended September 30, 2017 (as determined by the U.S. Department of Labor's Bureau of Labor Statistics, plus 12% for estimated fringe benefits).

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NOTES TO FINANCIAL STATEMENTS

NOTE H — DONATED SERVICES AND MATERIALS--CONTINUED

2. The Organization also received donated services and material which were recorded at market value as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Renovation materials and labor	\$ 202,073	\$ 332,379	\$ 298,703
Dreams Happen event materials and labor	439,356	-	124,981
Supplies	-	805	-
Americorp Building materials and labor	133,897	272,318	23,315
Legal Services	24,857	-	-
Video/Photography Services for documentary	10,000	-	-
Website/Marketing	-	10,000	-
Total	<u>\$ 810,183</u>	<u>\$ 615,502</u>	<u>\$ 446,999</u>

NOTE I – SPECIAL EVENT (DREAMS HAPPEN)

The Organization conducts the Dreams Happen event every other year. Net proceeds from the event are used to fund operations for two consecutive years. The revenue and related expenses from the event for the year ending September 30, 2017, 2016, and 2015 are as follows:

	<u>2017</u>		<u>2016</u>		<u>2015</u>	
	Cash	Noncash	Cash	Non-Cash	Cash	Noncash
Contributions						
Playhouse auction	\$ 151,500	\$ -	\$ -	\$ -	\$ 289,000	\$ -
Underwriting	239,609	-	-	-	232,679	-
Donations	60,000	439,356	-	-	7,650	124,981
Total Contributions	<u>\$ 451,109</u>	<u>\$ 439,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 529,329</u>	<u>\$ 124,981</u>
Revenue						
Event Tickets	\$ 19,020	\$ -	\$ -	\$ -	\$ 15,685	\$ -
Playhouse raffle	-	-	-	-	3,755	-
Dream Box Drawing	11,750	-	-	-	15,210	-
Total Revenue	<u>\$ 30,770</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,650</u>	<u>\$ -</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE I – SPECIAL EVENT (DREAMS HAPPEN)-CONTINUED

Total Event Income	\$	481,879	\$	439,356	\$	-	\$	-	\$	563,979	\$	124,981
Total Direct Expenses	\$	97,946	\$	439,356	\$	-	\$	-	\$	90,544	\$	124,981
Net Event Proceeds	\$	383,933	\$	-	\$	-	\$	-	\$	473,435	\$	-

NOTE J – RETIREMENT PLANS

The Organization provides a defined contribution retirement plan, under section 403(b) of the Internal Revenue Code to all its employees. The Organization does not match these contributions.

In addition, the Organization manages a SEP-IRA plan, under section 408(k) of the Internal Revenue Code to eligible employees. The Organization contributes 3% of the eligible employee's salary to the plan. Total contributions by the Organization to the plan for the years ended September 30, 2017, 2016 and 2015 were \$22,636, \$20,477 and \$16,712 respectively.

NOTE K – PRIOR PERIOD ADJUSTMENTS

Fixed Assets Adjustment - During the year September 30, 2017, management discovered that in-kind contributions of long-lived assets, specifically building renovations, were expensed instead of capitalized. As a result the Organization has restated the accompanying financial statements as of and for the years ending September 30, 2016 and September 30, 2015 to reflect the correct balance in property and equipment for those years.

Adjustments related to net assets are summarized as follows:

September 30, 2016 Comparative Year

Financial Statement Line Item/ Balance Affected	2016 As Previously Reported	Restatement Adjustment	2016 As Restated
Statement of Activities and Changes in Net Assets (Extract)			
Expenses			
Program Services	\$ 2,233,521	\$ (244,801)	\$ 1,988,720
Total Expenses	\$ 2,685,116	\$ (244,801)	\$ 2,440,315

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NOTES TO FINANCIAL STATEMENTS

NOTE K – PRIOR PERIOD ADJUSTMENTS-CONTINUED

**Statement of Financial Position
(Extract)**

Fixed Assets

Property and equipment - net	\$ 2,592,071	\$ 268,115	\$ 2,860,186
Total Fixed Assets	<u>\$ 2,592,071</u>	<u>\$ 268,115</u>	<u>\$ 2,860,186</u>

Net Assets

Unrestricted Net Assets	\$ 3,643,775	\$ 268,116	\$ 3,911,891
Temporarily Restricted Net Assets	494,903	-	494,903
Total Net Assets	<u>\$ 4,138,678</u>	<u>\$ 268,116</u>	<u>\$ 4,406,794</u>

September 30, 2015 Comparative Year

Financial Statement Line Item/ Balance Affected	2015 As Previously Reported	Restatement Adjustment	2015 As Restated
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**Statement of Activities and
Changes in Net Assets (Extract)**

Expenses

Program Services	\$ 1,588,517	\$ (23,315)	\$ 1,565,202
Total Expenses	<u>\$ 1,984,563</u>	<u>\$ (23,315)</u>	<u>\$ 1,961,248</u>

**Statement of Financial Position
(Extract)**

Fixed Assets

Property and equipment - net	\$ 2,580,793	\$ 23,315	\$ 2,604,108
Total Fixed Assets	<u>\$ 2,580,793</u>	<u>\$ 23,315</u>	<u>\$ 2,604,108</u>

Net Assets

Unrestricted Net Assets	\$ 3,954,164	\$ 23,315	\$ 3,977,479
Temporarily Restricted Net Assets	426,937	-	426,937
Total Net Assets	<u>\$ 4,381,101</u>	<u>\$ 23,315</u>	<u>\$ 4,404,416</u>