



REBUILDING TOGETHER PENINSULA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Rebuilding Together Peninsula

Report on the Financial Statements

We have audited the accompanying financial statements of Rebuilding Together Peninsula (a nonprofit organization), which comprise the Statement of Financial Position as of September 30, 2020, 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.

Auditors' 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. 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 auditors' 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 Peninsula as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT

continued

Other Matter

Report on Summarized Comparative Information

We have previously audited Rebuilding Together Peninsula's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

We have previously audited Rebuilding Together Peninsula's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 28, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harrington Group

Oakland, California

March 18, 2021

REBUILDING TOGETHER PENINSULA

STATEMENT OF FINANCIAL POSITION

September 30, 2020

With comparative totals at September 30, 2019 and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
ASSETS			
Cash and cash equivalents (Note 2)	\$ 440,074	\$ 442,725	\$ 212,606
Accounts receivable	116,904	141,701	283,080
Investments (Note 4)	1,463,660	1,271,360	1,282,019
Prepaid and other assets	36,160	53,831	37,617
Inventories	33,745	32,193	42,726
Property and equipment (Note 5)	2,722,532	2,794,487	2,863,567
Other non-current assets (Note 5)	10,152	23,085	29,754
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 4,823,227</u></u>	<u><u>\$ 4,759,382</u></u>	<u><u>\$ 4,751,369</u></u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	\$ 60,852	\$ 47,534	\$ 41,138
Accrued liabilities (Note 6)	77,828	65,145	35,371
Paycheck protection program (Note 7)	159,370	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>298,050</u>	<u>112,679</u>	<u>76,509</u>
NET ASSETS			
Without donor restrictions	3,809,111	3,816,220	3,831,349
With donor restrictions (Note 8)	716,066	830,483	843,511
	<u> </u>	<u> </u>	<u> </u>
TOTAL NET ASSETS	<u>4,525,177</u>	<u>4,646,703</u>	<u>4,674,860</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,823,227</u></u>	<u><u>\$ 4,759,382</u></u>	<u><u>\$ 4,751,369</u></u>

The accompanying notes are an integral part of these financial statements.

REBUILDING TOGETHER PENINSULA

STATEMENT OF ACTIVITIES

For the year ended September 30, 2020

With comparative totals for the years ended September 30, 2019 and 2018

	Without Donor Restrictions	With Donor Restrictions	2020	2019	2018
REVENUE AND SUPPORT					
Contributions	\$ 692,128	\$ 477,000	\$ 1,169,128	\$ 1,206,774	\$ 1,275,392
Government contracts		339,728	339,728	423,909	434,199
In-kind contributions (Note 10)	175,305		175,305	717,585	329,033
Gain (loss) on investment	122,099		122,099	(22,447)	137,811
Special events	46,760		46,760	388,142	12,480
Interest and dividend	32,025		32,025	32,674	31,642
Rental income	5,600		5,600	5,400	12,600
Other income	(88)		(88)	33,334	-
Net assets released from restrictions (Note 8)	931,145	(931,145)	-	-	-
TOTAL REVENUE AND SUPPORT	2,004,974	(114,417)	1,890,557	2,785,371	2,233,157
EXPENSES					
Program services	1,251,792		1,251,792	1,830,394	1,757,657
Management and general	418,269		418,269	362,077	290,566
Fundraising	342,022		342,022	621,057	211,073
TOTAL EXPENSES	2,012,083	-	2,012,083	2,813,528	2,259,296
CHANGE IN NET ASSETS	(7,109)	(114,417)	(121,526)	(28,157)	(26,139)
NET ASSETS, BEGINNING OF YEAR	3,816,220	830,483	4,646,703	4,674,860	4,700,999
NET ASSETS, END OF YEAR	\$ 3,809,111	\$ 716,066	\$ 4,525,177	\$ 4,646,703	\$ 4,674,860

The accompanying notes are an integral part of these financial statements.

REBUILDING TOGETHER PENINSULA

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2020

With comparative totals for the years ended September 30, 2019 and 2018

	Program Services	Management and General	Fundraising	2020	Total Expenses	
					2019	2018
Salaries and wages	\$ 463,027	\$ 115,140	\$ 166,685	\$ 744,852	\$ 794,745	\$ 673,761
Payroll taxes and benefits	99,021	20,309	35,565	154,895	169,232	126,417
Total salaries and related expenses	562,048	135,449	202,250	899,747	963,977	800,178
Renovation-cash paid	452,669			452,669	631,344	682,007
Professional fees	9,872	120,026	48,126	178,024	169,777	107,840
Renovation-in kind (Note 10)	99,062			99,062	349,175	276,598
Depreciation	8,176	72,616	10,198	90,990	100,843	114,256
In-kind expenses (Note 10)		25,243	51,000	76,243	368,410	44,435
Printing and postage	13,396	1,999	14,343	29,738	10,474	17,586
Volunteer expenses	28,458	155	38	28,651	54,284	70,020
Occupancy	19,955	2,824	2,623	25,402	27,645	27,503
Dues and subscriptions		21,970	395	22,365	16,316	2,348
Insurance	13,782	4,557	1,353	19,692	17,743	16,646
Bank and investment fees		14,158	98	14,256	19,785	12,934
Telephone	11,379	1,451	1,096	13,926	13,817	10,972
Office expenses	5,359	3,590	2,641	11,590	10,614	9,942
Transportation	7,803	1,801	1,138	10,742	11,259	12,517
Advertising	4,523	571	5,252	10,346	14,744	15,704
Taxes and licenses	9,148	319	125	9,592	1,822	16,710
Staff training and conferences	987	8,058	448	9,493	18,515	9,704
Equipment maintenance	5,175	588	898	6,661	9,973	9,435
Payroll expenses		2,037		2,037	1,867	1,810
Other expenses		857		857	1,144	151
TOTAL 2020 FUNCTIONAL EXPENSES	<u>\$ 1,251,792</u>	<u>\$ 418,269</u>	<u>\$ 342,022</u>	<u>\$ 2,012,083</u>		
TOTAL 2019 FUNCTIONAL EXPENSES	<u>\$ 1,830,394</u>	<u>\$ 362,077</u>	<u>\$ 621,057</u>		<u>\$ 2,813,528</u>	
TOTAL 2018 FUNCTIONAL EXPENSES	<u>\$ 1,757,657</u>	<u>\$ 290,566</u>	<u>\$ 211,073</u>			<u>\$ 2,259,296</u>

The accompanying notes are an integral part of these financial statements.

REBUILDING TOGETHER PENINSULA

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2020

With comparative totals for the years ended September 30, 2019 and 2018
continued

	Program Services				Total Program Services		
	National Rebuilding Day	Safe at Home	Team Build	Special Projects	2020	2019	2018
Salaries and wages	\$ 155,619	\$ 230,954	\$ 43,525	\$ 32,929	\$ 463,027	\$ 546,792	\$ 485,765
Payroll taxes and benefits	29,206	62,466	6,251	1,098	99,021	123,220	100,101
Total salaries and related expenses	184,825	293,420	49,776	34,027	562,048	670,012	585,866
Renovation-cash paid	76,508	227,990	54,706	93,465	452,669	631,261	681,969
In-kind expenses					-	-	-
Renovation-in kind	12,879	18,081	1,004	67,098	99,062	349,175	276,598
Professional fees	3,742	4,933	798	399	9,872	33,256	29,751
Depreciation	3,690	1,911	2,465	110	8,176	9,535	21,716
Volunteer expenses	10,681	14,424	2,220	1,133	28,458	54,108	64,797
Occupancy	7,382	10,131	1,628	814	19,955	22,993	23,631
Bank and investment fees					-	-	600
Staff training and conferences	424	388	151	24	987	2,918	902
Insurance	5,098	6,952	1,130	602	13,782	13,654	12,485
Dues and subscriptions					-	-	197
Advertising	2,204	392	1,927		4,523	7,242	7,126
Telephone	4,247	5,753	919	460	11,379	11,341	9,720
Transportation	1,297	5,516	577	413	7,803	7,497	9,020
Office expenses	2,200	2,558	406	195	5,359	7,729	6,097
Printing and postage	5,529	6,360	1,002	505	13,396	2,165	4,741
Equipment maintenance	1,904	2,637	422	212	5,175	6,324	7,782
Other expenses					-	-	137
Payroll expenses					-	-	-
Taxes and licenses	3,383	4,665	733	367	9,148	1,184	14,522
TOTAL 2020 FUNCTIONAL EXPENSES	\$ 325,993	\$ 606,111	\$ 119,864	\$ 199,824	\$ 1,251,792		
TOTAL 2019 FUNCTIONAL EXPENSES	\$ 947,418	\$ 583,791	\$ 137,562	\$ 161,623		\$ 1,830,394	
TOTAL 2018 FUNCTIONAL EXPENSES	\$ 956,803	\$ 569,222	\$ 130,576	\$ 101,056			\$ 1,757,657

The accompanying notes are an integral part of these financial statements.

REBUILDING TOGETHER PENINSULA

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020

With comparative totals for the years ended September 30, 2019 and 2018

	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	\$ (121,526)	\$ (28,157)	\$ (26,139)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities			
Depreciation	90,990	100,843	114,256
Net realized and unrealized loss (gains) on investments	(122,099)	22,447	(137,811)
Net re-invested dividends	(36,603)	(32,674)	
Donation of property and equipment	-	-	(8,000)
(Increase) decrease in operating assets:			
Accounts receivable	24,797	141,379	(143,108)
Prepaid and other assets	17,671	(16,214)	(19,904)
Building supplies inventory	(1,552)	10,533	(19,272)
Increase (decrease) in operating liabilities:			
Accounts payable	13,318	6,396	18,529
Accrued liabilities	12,683	29,774	(33,354)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(122,321)	234,327	(254,803)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of investment	-	55,702	69,586
Purchase of investments	(33,598)	(34,816)	(40,253)
Purchase of property and equipment	(6,102)	(25,094)	(17,104)
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	(39,700)	(4,208)	12,229
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from paycheck protection program	159,370	-	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	159,370	-	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,651)	230,119	(242,574)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	442,725	212,606	455,180
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 440,074	\$ 442,725	\$ 212,606
SUPPLEMENTAL DISCLOSURE:			
Property acquired by in-kind contributions:	\$ -	\$ -	\$ 8,000

The accompanying notes are an integral part of these financial statements.

REBUILDING TOGETHER PENINSULA

NOTES TO FINANCIAL STATEMENTS

1. **Organization**

Rebuilding Together Peninsula is a California nonprofit public benefit corporation, that 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 Santa Clara County. It solicits donations of money, material and labor in order to support these activities which occur throughout the year.

2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

a) **Basis of Presentation**

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

b) **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions. Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

With Donor Restrictions. Net assets subject to imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

c) **Cash and Cash Equivalents**

Rebuilding Together Peninsula has defined cash and cash equivalents as consisting mainly of cash, petty cash and money market funds. For the purposes of the Cash Flow Statement, Rebuilding Together Peninsula considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

d) **Accounts Receivable**

Rebuilding Together Peninsula considers all accounts receivable to be fully collectible, accordingly no allowance for doubtful debts is considered necessary.

continued

REBUILDING TOGETHER PENINSULA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

e) Contributions and Grants Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Conditional promises to give are not included as support until the conditions are substantially met.

f) Investments

Rebuilding Together Peninsula values its investments at fair value. Unrealized gains or losses (including investments bought, sold, and held during the year) are reflected in the Statement of Activities as gain or loss on investments. Short-term highly liquid money market deposits that are not used for operations are treated as cash.

g) Inventory

Inventory consists of building supplies and materials purchased and received for repair and rebuilding projects and is stated at lower of cost or market.

h) Concentration of Credit Risks

Rebuilding Together Peninsula places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Rebuilding Together Peninsula has not incurred losses related to these investments.

i) Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

Rebuilding Together Peninsula is required to measure in-kind contributions and investments at fair value. The specific techniques used to measure fair value for these financial statement elements are described in the notes below that relates to each element.

continued

REBUILDING TOGETHER PENINSULA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

j) Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to one thousand dollars and the useful life is greater than one year. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets.

k) In-kind Contributions

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended September 30, 2020, Rebuilding Together Peninsula received in-kind contributions of \$175,305 of which \$76,243 were donated services and \$99,062 were donated materials (see Note 10).

l) Functional Allocation of Expenses

Costs of providing Rebuilding Together Peninsula's programs and other activities have been presented in the Statement of Functional Expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services based upon usage, employee ratios, and/or square footage of occupied space.

m) Income Taxes

Rebuilding Together Peninsula is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

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 Rebuilding Together Peninsula in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Rebuilding Together Peninsula's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

n) 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 reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

REBUILDING TOGETHER PENINSULA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, continued

o) Recently Adopted Accounting Pronouncement

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expanded disclosures about revenue. Rebuilding Together Peninsula has implemented ASC Topic 606 and has adjusted the presentation in these financial statements accordingly.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The ASU is effective for fiscal years beginning after December 15, 2018. Retrospective application is permitted. Rebuilding Together Peninsula has implemented the provisions of ASU 2018-08 applicable to both contributions received and contributions made in the accompanying financial statements for the year ended June 30, 2020, under a modified prospective basis, as management believes the standard improves the usefulness and the understandability of Rebuilding Together Peninsula financial reporting. Accordingly, there is no effect on net assets in connection with Rebuilding Together Peninsula’s implementation of ASU 2018-08.

p) Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 Rebuilding Together Peninsula’s financial statements for the years ended September 30, 2019 and September 30, 2018, from which the summarized information was derived.

q) Subsequent Events

Management has evaluated subsequent events through March 18, 2021, the date which the financial statements were available for issue. No events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

REBUILDING TOGETHER PENINSULA

NOTES TO FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources

To satisfy its working capital needs Rebuilding Together Peninsula maintains a balance of cash and money market instruments of approximately \$300,000.

Rebuilding Together Peninsula had the following financial assets available to meet cash needs for general expenditures within one year as of September 30, 2020:

Cash and cash equivalents	\$ 440,074
Accounts receivable	116,004
Investments	<u>1,463,660</u>
Total financial assets	2,019,738
Less: Donor restricted funds – time and purpose	<u>(716,066)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,303,672</u>

4. Investments

Investments at September 30, 2020, 2019 and 2018 consist of the following:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Equities	\$ 767,183	\$ 813,156	\$ 842,771
Fixed income	664,576	383,291	373,385
Other assets	31,901	41,865	34,936
Exchange traded funds	<u>-</u>	<u>33,048</u>	<u>30,927</u>
Total	<u>\$1,463,660</u>	<u>\$1,271,360</u>	<u>\$1,282,019</u>

5. Property and Equipment and Other non-current assets

Property and equipment and other non-current assets at September 30, 2020, 2019 and 2018 consist of the following:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Property and Equipment:			
Building improvements	\$1,341,341	\$1,341,341	\$1,341,341
Land	1,287,613	1,287,613	1,287,613
Building	738,297	738,297	738,297
Furniture and equipment	149,831	146,887	139,743
Vehicles	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
	3,532,082	3,529,138	3,521,994
Less: accumulated depreciation	<u>(809,550)</u>	<u>(734,651)</u>	<u>(658,427)</u>
	<u>\$2,722,532</u>	<u>\$2,794,487</u>	<u>\$2,863,567</u>

continued

REBUILDING TOGETHER PENINSULA

NOTES TO FINANCIAL STATEMENTS

5. Property and Equipment and Other non-current assets, continued

Other non-current assets:	<u>2020</u>	<u>2019</u>	<u>2018</u>
Promotional videos	\$ 92,043	\$ 90,918	\$ 72,968
Database development/conversion	62,610	62,610	62,610
Website	<u>45,684</u>	<u>45,684</u>	<u>45,684</u>
	200,337	199,212	181,262
Less: accumulated depreciation	<u>(190,185)</u>	<u>(176,127)</u>	<u>(151,508)</u>
	<u>\$ 10,152</u>	<u>\$ 23,085</u>	<u>\$ 29,754</u>

Depreciation expense for the years ended September 30, 2020, 2019 and 2018 were \$90,990, \$100,843, and \$114,256, respectively.

6. Accrued Liabilities

Accrued liabilities at September 30, 2020, 2019 and 2018, consist of the following:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Accrued vacation	\$ 26,172	\$29,389	\$18,896
Other accrued liabilities	51,656	28,266	16,475
Accrued payroll	<u>-</u>	<u>7,490</u>	<u>-</u>
	<u>\$77,828</u>	<u>\$65,145</u>	<u>\$35,371</u>

7. Paycheck Protection Program

The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), signed into law on March 27, 2020, provided additional avenues of relief to small businesses and nonprofits through programs administered by the Small Business Administration (“SBA”). The CARES Act established a Paycheck Protection Program (“PPP”), whereby certain small businesses and nonprofits were eligible for a loan to fund payroll expenses, rent, and related costs. The loan may be forgiven partially or in total if the funds are used for payroll and other qualified expenses.

On April 29th, 2020, Rebuilding Together Peninsula received a PPP loan of \$159,370 the proceeds of which will be used to support payroll and operations for the remainder of the shutdown and as they move into the resumption of business activities under new COVID-19 guidelines. In order to comply with the terms of the PPP loan, Rebuilding Together Peninsula is required to submit an application for loan forgiveness after the “covered period” of up to 24 weeks from initial receipt of the funds on April 29, 2020. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities and maintains its payroll levels.

continued

REBUILDING TOGETHER PENINSULA

NOTES TO FINANCIAL STATEMENTS

8. Net Assets With Donor Restrictions

Net assets with donor restrictions at September 30, 2020, 2019 and 2018 are restricted for the following programs:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Healthy Housing Challenge	\$307,703	\$327,483	\$344,211
DH Roof Repair	120,513	178,013	-
Accessory Dwelling Unit (“ADU”) Project	-	175,389	349,300
Safe at Home	138,500	127,500	115,000
Others	<u>149,350</u>	<u>22,098</u>	<u>35,000</u>
	<u>\$716,066</u>	<u>\$830,483</u>	<u>\$843,511</u>

For the years ended September 30, 2020, 2019 and 2018, net assets released from purpose restrictions were \$931,145, \$586,741, and \$369,792, respectively.

9. Commitment and Contingencies

Membership Agreement

Rebuilding Together Peninsula is an affiliate member of Rebuilding Together, a national organization. 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, 2020 was \$20,000.

Impact of COVID-19 Virus

Following the State “Safer at Home” order to close all non-essential business activities, Rebuilding Together Peninsula has been conducting business activities under Safer at Home isolation protocols. The overall impact of the COVID-19 virus on Rebuilding Together Peninsula cannot be foreseen at this time and is not reflected in these financial statements.

10. In-kind Contributions

Rebuilding Together Peninsula 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 years ended September 30, 2020, 2019 and 2018, these volunteers donated 0, 18,782, and 16,932 hours, respectively. The lack of volunteer donated hours during the year ended September 30, 2020 was due to the restrictions imposed in response to the COVID-19 virus.

Rebuilding Together Peninsula also received donated services and materials which were recorded at fair market value as follows:

continued

REBUILDING TOGETHER PENINSULA

NOTES TO FINANCIAL STATEMENTS

10. In-kind Contributions, continued

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Renovation materials and labor	\$ 99,062	\$339,788	\$276,598
Donated services -Other	52,347	-	-
Legal services	22,778	9,387	14,640
Donated property and equipment	1,118	-	8,000
Dreams Happen event and others	<u>-</u>	<u>368,410</u>	<u>29,795</u>
	<u>\$175,305</u>	<u>\$717,585</u>	<u>\$329,033</u>

11. Fair Value Measurements

The table below presents the balances of assets measured at fair value at September 30, 2020, 2019 and 2018 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>September 30, 2020</u>				
Equities				
Consumer goods	\$ 184,525	\$ -	\$ -	\$ 184,525
Health care	177,291			177,291
Technology	166,233			166,233
Financial services	105,213			105,213
Energy	43,331			43,331
Industrial goods	35,463			35,463
Communication services	30,637			30,637
Basic materials	<u>24,490</u>			<u>24,490</u>
Total equities	<u>767,183</u>	<u>-</u>	<u>-</u>	<u>767,183</u>
Fixed income				
Corporate bonds		391,006		391,006
U.S. Treasury notes	<u>273,571</u>			<u>273,571</u>
Total fixed income	<u>273,571</u>	<u>391,006</u>	<u>-</u>	<u>664,577</u>
Other assets				
Real estate	<u>31,900</u>			<u>31,900</u>
Total other assets	<u>31,900</u>	<u>-</u>	<u>-</u>	<u>31,900</u>
	<u>\$1,072,654</u>	<u>\$391,006</u>	<u>\$ -</u>	<u>\$1,463,660</u>

continued

REBUILDING TOGETHER PENINSULA

NOTES TO FINANCIAL STATEMENTS

11. Fair Value Measurements, continued

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>September 30, 2019</u>				
Equities				
Consumer goods	\$ 187,732	\$ -	\$ -	\$ 187,732
Technology	155,157			155,157
Financial services	148,435			148,435
Health care	139,419			139,419
Energy	65,408			65,408
Industrial goods	62,002			62,002
Communication services	31,085			31,085
Basic materials	<u>23,918</u>			<u>23,918</u>
Total equities	<u>813,156</u>	<u>-</u>	<u>-</u>	<u>813,156</u>
Fixed income				
Corporate bonds		260,601		260,601
U.S. Treasury notes	<u>122,690</u>			<u>122,690</u>
Total fixed income	<u>122,690</u>	<u>260,601</u>	<u>-</u>	<u>383,291</u>
Exchange traded funds (“ETF”)				
Diversified emerging market	<u>33,048</u>			<u>33,048</u>
Total ETF	<u>33,048</u>	<u>-</u>	<u>-</u>	<u>33,048</u>
Other assets				
Real estate	<u>41,865</u>			<u>41,865</u>
Total other assets	<u>41,865</u>	<u>-</u>	<u>-</u>	<u>41,865</u>
	<u>\$1,010,759</u>	<u>\$260,601</u>	<u>\$-</u>	<u>\$1,271,360</u>
<u>September 30, 2018</u>				
Equities				
Health care	\$198,017	\$ -	\$ -	\$ 198,017
Consumer goods	171,895			171,895
Technology	162,008			162,008
Financial services	128,006			128,006
Industrial goods	77,187			77,187
Energy	52,575			52,575
Communication services	27,496			27,496
Basic materials	<u>25,587</u>			<u>25,587</u>
Total equities	<u>842,771</u>	<u>-</u>	<u>-</u>	<u>842,771</u>

continued

REBUILDING TOGETHER PENINSULA

NOTES TO FINANCIAL STATEMENTS

11. Fair Value Measurements, continued

Fixed income				
Corporate bonds		303,660		303,660
U.S. Treasury notes	<u>69,725</u>	<u> </u>	<u> </u>	<u>69,725</u>
Total fixed income	<u>69,725</u>	<u>303,660</u>	<u> </u>	<u>373,385</u>
Exchange traded funds (“ETF”)				
Diversified emerging market	<u>34,936</u>	<u> </u>	<u> </u>	<u>34,936</u>
Total ETF	<u>34,936</u>	<u> </u>	<u> </u>	<u>34,936</u>
Other assets				
Real estate	<u>30,927</u>	<u> </u>	<u> </u>	<u>30,927</u>
Total other assets	<u>30,927</u>	<u> </u>	<u> </u>	<u>30,927</u>
	<u>\$978,359</u>	<u>\$303,660</u>	<u>\$ </u>	<u>\$1,282,019</u>

The fair values of equities, U.S. Treasury notes, exchange traded funds and other assets have been measured on a recurring basis using quoted prices for identical assets in active markets (Level 1 inputs).

The fair value of corporate bonds has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).

The table below present transactions measured at fair value on a non-recurring basis during the year ended September 30, 2020, 2019 and 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Donated renovation materials and labor	<u>\$ -</u>	<u>\$175,305</u>	<u>\$ -</u>	<u>\$175,305</u>
Fair value at September 30, 2020	<u>\$ -</u>	<u>\$175,305</u>	<u>\$ -</u>	<u>\$175,305</u>
Donated renovation materials and labor	\$ -	\$349,175	\$ -	\$349,175
Dreams Happen event and others		368,410		368,410
Fair value at September 30, 2019	<u>\$ -</u>	<u>\$717,585</u>	<u>\$ -</u>	<u>\$717,585</u>
Donated renovation materials and labor	\$ -	\$276,598	\$ -	\$276,598
Donated services		29,795		29,795
Donated property and equipment		14,640		14,640
Dreams Happen event materials and labor		8,000		8,000
Fair value at September 30, 2018	<u>\$ -</u>	<u>\$329,033</u>	<u>\$ -</u>	<u>\$329,033</u>

The fair value of in-kind contributions has been measured on a non-recurring basis using quoted prices for similar assets in inactive markets (Level 2 inputs).