

Rebuilding Together Peninsula  
(a California nonprofit public benefit corporation)

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FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

Year Ended September 30, 2015

(with Comparative Totals For the Years Ended  
September 30, 2014 and September 30, 2013)

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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, 2015, 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 financial statements referred to above present fairly, in all material respects, the financial position of Rebuilding Together Peninsula, as of September 30, 2015 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 2014 financial statements, and our report dated January 16, 2015, 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, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

We previously audited the Rebuilding Together Peninsula's 2013 financial statements, and our report dated January 23, 2014, 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, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Boman Accounting Group, Inc.  
Campbell, California  
January 15, 2016

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

September 30, 2015  
(With Comparative Totals for 2014 and 2013)

|   | 2015                | 2014                | 2013                |
|---|---------------------|---------------------|---------------------|
| <b>ASSETS</b>                           |                     |                     |                     |
| <b>Current assets</b>                   |                     |                     |                     |
| Cash and equivalents                    | \$ 353,123          | \$ 182,332          | \$ 736,318          |
| Accounts receivable                     | 119,410             | 102,437             | 10,720              |
| Investments                             | 1,230,292           | 1,134,389           | 816,012             |
| Prepaid expenses                        | 16,676              | 28,584              | 10,045              |
| Building supplies inventory             | 34,250              | 38,740              | 24,157              |
| Other current assets                    | -                   | 435                 | 413                 |
|   | 1,753,751           | 1,486,917           | 1,597,665           |
| <b>Fixed assets</b>                     |                     |                     |                     |
| Property and equipment - net            | 2,580,793           | 2,261,694           | 2,304,490           |
| <b>Other assets</b>                     |                     |                     |                     |
| Promotional videos - net                | 25,274              | 31,868              | -                   |
| Database development/conversion - net   | 43,827              | 56,349              | 33,030              |
| Website development expenses - net      | 19,035              | 28,172              | 37,308              |
|   | 88,136              | 116,389             | 70,338              |
| <b>Total Assets</b>                     | <b>\$ 4,422,680</b> | <b>\$ 3,865,000</b> | <b>\$ 3,972,493</b> |
| <b>LIABILITIES AND NET ASSETS</b>       |                     |                     |                     |
| <b>Current liabilities</b>              |                     |                     |                     |
| Accounts payable                        | \$ 16,791           | \$ 26,018           | \$ 59,431           |
| Accrued liabilities                     | 24,788              | 24,594              | 32,444              |
| Deferred support                        | -                   | 15,000              | 50,000              |
| Deferred revenue, non-program           | -                   | 95,527              | -                   |
|   | 41,579              | 161,139             | 141,875             |
| Total current liabilities               | 41,579              | 161,139             | 141,875             |
| Total liabilities                       | 41,579              | 161,139             | 141,875             |
| <b>Net assets</b>                       |                     |                     |                     |
| Unrestricted net assets                 | 3,954,164           | 3,687,788           | 3,830,618           |
| Temporarily restricted net assets       | 426,937             | 16,073              | -                   |
|   | 4,381,101           | 3,703,861           | 3,830,618           |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 4,422,680</b> | <b>\$ 3,865,000</b> | <b>\$ 3,972,493</b> |

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, 2015  
(With Comparative Totals for 2014 and 2013)

|  | 2015                |                           |                     | 2014<br>Total       | 2013<br>Total       |
|--|---------------------|---------------------------|---------------------|---------------------|---------------------|
|  | Unrestricted        | Temporarily<br>Restricted | Total               |                     |                     |
| <b>Revenues, gains and other support</b> |                     |                           |                     |                     |                     |
| Contributions and net revenue from       |                     |                           |                     |                     |                     |
| Biennial special event (Dreams Happen)   |                     |                           |                     |                     |                     |
| Contributions                            | \$ 529,329          | \$ -                      | \$ 529,329          | \$ -                | \$ 546,119          |
| Special event revenue                    | 34,650              | -                         | 34,650              | -                   | 36,430              |
| Less: direct expenses                    | <u>(90,544)</u>     | <u>-</u>                  | <u>(90,544)</u>     | <u>-</u>            | <u>(67,541)</u>     |
|  | 473,435             | -                         | 473,435             | -                   | 515,008             |
| 25th anniversary special event           |                     |                           |                     |                     |                     |
| Contributions                            | \$ 158,681          | \$ -                      | \$ 158,681          | \$ -                | \$ -                |
| Special event revenue                    | 25,028              | -                         | 25,028              | 42,715              | -                   |
| Less: direct expenses                    | <u>(37,427)</u>     | <u>-</u>                  | <u>(37,427)</u>     | <u>(42,715)</u>     | <u>-</u>            |
| Net revenue from Special Event           | 146,282             | -                         | 146,282             | -                   | -                   |
| Contributions and grants                 |                     |                           |                     |                     |                     |
| Donations                                | 229,058             | 336,937                   | 565,995             | 231,898             | 227,957             |
| Foundations                              | 30,000              | 72,500                    | 102,500             | 146,600             | 120,835             |
| Contributions in-kind                    | 322,018             | -                         | 322,018             | 497,545             | 670,152             |
| Revenues                                 |                     |                           |                     |                     |                     |
| Government contracts                     | 348,087             | -                         | 348,087             | 384,116             | 298,469             |
| Program sponsorships                     | 574,382             | 61,204                    | 635,586             | 640,048             | 680,867             |
| Rebuilding Together, Inc. sponsorship    | 17,000              | -                         | 17,000              | 64,000              | 35,100              |
| Rental Income                            | 5,700               | -                         | 5,700               | 22,800              | 22,800              |
| Other income                             | 5,002               | -                         | 5,002               | 31                  | 25,014              |
| Interest and dividend income             | 33,046              | -                         | 33,046              | 29,485              | 20,795              |
| Net realized/unrealized gains/(losses)   | <u>7,152</u>        | <u>-</u>                  | <u>7,152</u>        | <u>69,781</u>       | <u>71,149</u>       |
|  | 2,191,162           | 470,641                   | 2,661,803           | 2,086,304           | 2,688,146           |
| Net assets released from restriction     |                     |                           |                     |                     |                     |
|  | <u>59,777</u>       | <u>(59,777)</u>           | <u>-</u>            | <u>-</u>            | <u>-</u>            |
| Total revenues, gains and other support  |                     |                           |                     |                     |                     |
|  | 2,250,939           | 410,864                   | 2,661,803           | 2,086,304           | 2,688,146           |
| <b>Expenses</b>                          |                     |                           |                     |                     |                     |
| Program Services                         | 1,588,517           | -                         | 1,588,517           | 2,062,197           | 1,896,451           |
| Supporting Services:                     |                     |                           |                     |                     |                     |
| Management and general                   | 205,225             | -                         | 205,225             | 199,850             | 154,274             |
| Fundraising                              | <u>190,821</u>      | <u>-</u>                  | <u>190,821</u>      | <u>219,448</u>      | <u>178,367</u>      |
| Total expenses                           | <u>1,984,563</u>    | <u>-</u>                  | <u>1,984,563</u>    | <u>2,481,495</u>    | <u>2,229,093</u>    |
| <b>Change in net assets</b>              |                     |                           |                     |                     |                     |
|  | <u>266,376</u>      | <u>410,864</u>            | <u>677,240</u>      | <u>(395,191)</u>    | <u>459,053</u>      |
| <b>Net assets at beginning of year</b>   |                     |                           |                     |                     |                     |
|  | <u>3,687,788</u>    | <u>16,073</u>             | <u>3,703,861</u>    | <u>3,830,618</u>    | <u>3,371,565</u>    |
| <b>Net assets at end of year</b>         |                     |                           |                     |                     |                     |
|  | <u>\$ 3,954,164</u> | <u>\$ 426,937</u>         | <u>\$ 4,381,101</u> | <u>\$ 3,435,427</u> | <u>\$ 3,830,618</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, 2015  
(With Comparative Totals for 2014 and 2013)

|   | 2015                |                           |                  |                   |                    |                  | 2014<br>Total<br>Expenses | 2013<br>Total<br>Expenses |  |
|---|---------------------|---------------------------|------------------|-------------------|--------------------|------------------|---------------------------|---------------------------|--|
|   | Program<br>Services | Supporting Services       |                  |                   | Total<br>Expenses  |                  |                           |                           |  |
|   | Total               | Management<br>and General | Fund-<br>Raising | Total             |                    |                  |                           |                           |  |
| <b>Expenses:</b>                        |                     |                           |                  |                   |                    |                  |                           |                           |  |
| Salaries and wages                      | \$ 446,934          | \$ 62,741                 | \$ 104,603       | \$ 167,344        | \$ 614,278         | \$ 613,325       | \$ 568,494                |                           |  |
| Payroll taxes and benefits              | 92,497              | 11,431                    | 19,993           | 31,424            | 123,921            | 144,013          | 114,660                   |                           |  |
| <br>Total salaries and related expenses | <br>539,431         | <br>74,172                | <br>124,596      | <br>198,768       | <br>738,199        | <br>757,338      | <br>683,154               |                           |  |
| Renovation - cash paid                  | 556,212             | -                         | -                | -                 | 556,212            | 899,975          | 594,885                   |                           |  |
| Renovation - in-kind                    | 322,018             | -                         | -                | -                 | 322,018            | 482,545          | 606,333                   |                           |  |
| Volunteer expenses                      | 43,358              | 35                        | 1,840            | 1,875             | 45,233             | 42,131           | 64,436                    |                           |  |
| Advertising                             | -                   | -                         | 15,055           | 15,055            | 15,055             | 15,167           | 61,869                    |                           |  |
| Bank and investment fees                | -                   | 23,244                    | -                | 23,244            | 23,244             | 10,119           | 7,747                     |                           |  |
| Charitable donations                    | -                   | -                         | -                | -                 | -                  | 150              | -                         |                           |  |
| Dues and subscriptions                  | -                   | 112                       | 1,238            | 1,350             | 1,350              | 1,448            | 729                       |                           |  |
| Equipment maintenance                   | 9,226               | 727                       | 1,713            | 2,440             | 11,666             | 10,274           | 10,394                    |                           |  |
| Fundraising                             | -                   | -                         | -                | -                 | -                  | 145              | -                         |                           |  |
| Insurance                               | 3,780               | 4,003                     | 540              | 4,543             | 8,323              | 7,919            | 6,727                     |                           |  |
| Interest                                | -                   | -                         | -                | -                 | -                  | -                | 59                        |                           |  |
| Newsletter                              | 5,832               | -                         | 2,499            | 2,499             | 8,331              | 10,916           | 8,470                     |                           |  |
| Occupancy                               | 7,042               | 1,478                     | 1,691            | 3,169             | 10,211             | 8,371            | 12,535                    |                           |  |
| Office                                  | -                   | 1,331                     | 1,044            | 2,375             | 2,375              | 3,099            | 2,171                     |                           |  |
| Payroll services                        | -                   | 1,482                     | -                | 1,482             | 1,482              | 2,614            | 1,182                     |                           |  |
| Professional fees                       | 13,401              | 49,952                    | 8,597            | 58,549            | 71,950             | 93,933           | 52,610                    |                           |  |
| Printing and postage                    | 4,828               | 708                       | 7,883            | 8,591             | 13,419             | 21,938           | 14,806                    |                           |  |
| Staff training and conferences          | -                   | 35,899                    | -                | 35,899            | 35,899             | 8,506            | 9,329                     |                           |  |
| Taxes and licenses                      | -                   | 3,842                     | -                | 3,842             | 3,842              | 7,047            | 2,462                     |                           |  |
| Telephone                               | 6,935               | 385                       | 1,155            | 1,540             | 8,475              | 6,287            | 5,306                     |                           |  |
| Transportation                          | 15,184              | 3,219                     | 2,285            | 5,504             | 20,688             | 17,279           | 17,437                    |                           |  |
| <br>Total expenses before depreciation  | <br>1,527,247       | <br>200,589               | <br>170,136      | <br>370,725       | <br>1,897,972      | <br>2,407,201    | <br>2,162,641             |                           |  |
| Depreciation                            | 61,270              | 4,636                     | 20,685           | 25,321            | 86,591             | 74,293           | 66,452                    |                           |  |
| <br>Total expenses                      | <br>\$ 1,588,517    | <br>\$ 205,225            | <br>\$ 190,821   | <br>\$ 396,046    | <br>\$ 1,984,563   | <br>\$ 2,481,494 | <br>\$ 2,229,093          |                           |  |
| <br>Percentage of total                 | <br><u>80.04%</u>   | <br><u>10.34%</u>         | <br><u>9.62%</u> | <br><u>19.96%</u> | <br><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, 2015  
(With Comparative Totals for 2014 and 2013)

|   | 2015       | 2014         | 2013       |
|---|------------|--------------|------------|
| <b>Cash flows from operating activities:</b>              |            |              |            |
| Change in net assets                                      | \$ 677,240 | \$ (126,757) | \$ 459,053 |
| Noncash items included in revenues and expenses:          |            |              |            |
| Depreciation  | 58,338     | 63,296       | 66,451     |
| Net realized and unrealized (gains) losses on investments | (7,152)    | (69,781)     | (71,149)   |
| Donation of property and equipment                        | -          | (15,000)     | (13,544)   |
| Increase (decrease) in cash resulting from changes in:    |            |              |            |
| Accounts receivable                                       | (16,973)   | (91,717)     | 446        |
| Prepaid expenses  | 11,908     | (18,539)     | (1,229)    |
| Deferred support, restricted                              | (15,000)   | (35,000)     | 50,000     |
| Deferred revenue, non-program                             | (95,527)   | 95,527       | -          |
| Accounts payable  | (9,227)    | (33,413)     | 43,557     |
| Accrued liabilities                                       | 194        | (7,850)      | (4,749)    |
| Building supplies inventory                               | 4,490      | (14,583)     | 6,665      |
| Other current assets                                      | 435        | (22)         | (413)      |
| Other assets  | 28,253     | (46,052)     | (40,783)   |
| Net cash provided by (used in) operating activities       | 636,979    | (299,891)    | 494,305    |
| <b>Cash flows from investing activities:</b>              |            |              |            |
| Proceeds from sale of investments                         | 282,641    | 177,622      | 261,775    |
| Purchase of investments                                   | (371,392)  | (426,217)    | (549,812)  |
| Purchase of property and equipment                        | (377,437)  | (5,500)      | (36,782)   |
| Net cash provided by (used in) investing activities       | (466,188)  | (254,095)    | (324,819)  |
| <b>Cash flows from financing activities:</b>              |            |              |            |
| Net cash provided by (used in) financing activities       | -          | -            | -          |
| Net change in cash and cash equivalents                   | 170,791    | (553,986)    | 169,486    |
| Beginning cash and cash equivalents                       | 182,332    | 736,318      | 566,832    |
| <b>Ending cash and cash equivalents</b>                   | \$ 353,123 | \$ 182,332   | \$ 736,318 |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>                |            |              |            |
| Property acquired by in-kind contributions                | \$ -       | \$ 15,000    | \$ 13,544  |

The accompanying notes are an integral part of these statements



Rebuilding Together Peninsula  
(A California Nonprofit Public Benefit Corporation)

**NOTES TO FINANCIAL STATEMENTS**

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NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

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 coordinates volunteer oriented events to repair and improve community based buildings and homes of the low income, elderly, and/or disabled principally in Santa Clara and San Mateo Counties of California. It solicits donations of money, material, and labor in order to support these events, 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**

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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**

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NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Accrued Vacation

Accrued vacation represents vacation earned, but not taken as of September 30, 2015 and is included in "accrued liabilities" in the statement of financial position. The accrued vacation balance as of September 30, 2015, 2014, and 2013 was \$20,321, \$17,880, and \$18,568, respectively.

11. 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 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.

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.

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.

**NOTES TO FINANCIAL STATEMENTS**

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NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all 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, 2014, 2013, and 2012 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, 2014, 2013, 2012, and 2011 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, 2015, 2014, and 2013 was \$15,055, \$15,167 and \$61,869, 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, 2015 there were no events or changes in circumstances indicating that the carrying amount of the property and equipment may not be recoverable.

17. Subsequent Events

Management of the Organization has evaluated events and transactions subsequent to September 30, 2015 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, 2015. Subsequent events have been evaluated through January 15, 2016, the date the financial statements became available to be issued.

Rebuilding Together Peninsula  
(A California Nonprofit Public Benefit Corporation)

**NOTES TO FINANCIAL STATEMENTS**

NOTE B —INVESTMENTS

Investments consist of the following at September 30, 2015, 2014 and 2013:

|                    | <u>2015</u>         | <u>2014</u>         | <u>2013</u>       |
|--------------------|---------------------|---------------------|-------------------|
| Corporate Bonds    | \$ 259,856          | \$ 217,451          | \$ 285,620        |
| Corporate Equities | 886,855             | 858,981             | 427,338           |
| Mutual Funds       | 28,105              | 29,289              | 42,332            |
| Treasury Notes     |                     |                     | 40,046            |
| REIT               | 35,388              | -                   |                   |
| ETF                | 20,088              | 28,668              | 20,676            |
|                    | <u>          </u>   | <u>          </u>   | <u>          </u> |
| Total Investments  | \$ <u>1,230,292</u> | \$ <u>1,134,389</u> | \$ <u>816,012</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.

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 financial instruments at fair value as of September 30, 2015:

|                       | <u>Level 1</u>      | <u>Level 2</u>    | <u>Level 3</u>    |
|-----------------------|---------------------|-------------------|-------------------|
| Corporate Bonds       | \$ 259,856          | \$ -              | \$ -              |
| Corporate Equities    | 886,855             | -                 | -                 |
| Mutual Funds          | 28,105              | -                 | -                 |
| REIT                  | 35,388              | -                 | -                 |
| Exchange Traded Funds | 20,088              | -                 | -                 |
|                       | <u>          </u>   | <u>          </u> | <u>          </u> |
| Total Investments     | \$ <u>1,230,292</u> | \$ <u>-</u>       | \$ <u>-</u>       |

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE C — PREPAID EXPENSES**

Prepaid expenses at September 30, 2015, 2014, and 2013 are summarized as follows:

|                            | <u>2015</u>      |           | <u>2014</u>   |           | <u>2013</u>   |
|----------------------------|------------------|-----------|---------------|-----------|---------------|
| Prepaid insurance          | \$ 16,199        | \$        | 9,642         | \$        | 9,748         |
| Prepaid Equipment Lease    | 169              |           | 153           |           | -             |
| Prepaid Copier Maintenance | 308              |           | 302           |           | 297           |
| Other Prepaid Expense      | -                |           | 18,487        |           | -             |
| Total                      | <u>\$ 16,676</u> | <u>\$</u> | <u>28,584</u> | <u>\$</u> | <u>10,045</u> |

**NOTE D — PROPERTY AND EQUIPMENT**

The cost and related accumulated depreciation of the property and equipment as of September 30, 2015, 2014, and 2013 consisted of the following:

|                               | <u>2015</u>         |           | <u>2014</u>      |           | <u>2013</u>      |
|-------------------------------|---------------------|-----------|------------------|-----------|------------------|
| Building                      | \$ 738,297          | \$        | 633,456          | \$        | 633,456          |
| Building Improvements         | 872,413             |           | 869,281          |           | 869,281          |
| Land                          | 1,287,613           |           | 1,018,148        |           | 1,018,148        |
| Furniture and Equipment       | 109,977             |           | 109,977          |           | 104,477          |
| Automobile                    | 15,000              |           | 15,000           |           | -                |
|                               | <u>3,023,300</u>    |           | <u>2,645,862</u> |           | <u>2,625,362</u> |
| Less accumulated depreciation | <u>(442,507)</u>    |           | <u>(384,168)</u> |           | <u>(320,872)</u> |
| Property and Equipment, Net   | <u>\$ 2,580,793</u> | <u>\$</u> | <u>2,261,694</u> | <u>\$</u> | <u>2,304,490</u> |

Depreciation expense for the years ended September 30, 2015, 2014 and 2013 was \$86,591, \$74,293, and \$66,452 respectively.

The cost and related accumulated amortization of the promotional videos, database development/conversion and the website as of September 30, 2015, 2014, and 2013 consisted of the following:

|                               | <u>2015</u>      |           | <u>2014</u>    |           | <u>2013</u> |
|-------------------------------|------------------|-----------|----------------|-----------|-------------|
| Promotional videos            | \$ 32,967        | \$        | 32,967         | \$        | -           |
|                               | <u>32,967</u>    |           | <u>32,967</u>  |           | <u>-</u>    |
| Less accumulated amortization | <u>(7,693)</u>   |           | <u>(1,099)</u> |           | <u>-</u>    |
| Promotional videos, Net       | <u>\$ 25,274</u> | <u>\$</u> | <u>31,868</u>  | <u>\$</u> | <u>-</u>    |

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**NOTES TO FINANCIAL STATEMENTS**

NOTE D — PROPERTY AND EQUIPMENT – CONTINUED

|  | <u>2015</u>          | <u>2014</u>          | <u>2013</u>          |
|--|----------------------|----------------------|----------------------|
| Database development/<br>conversion          | \$ 62,610            | \$ 62,610            | \$ 33,030            |
|  | <u>62,610</u>        | <u>62,610</u>        | <u>33,030</u>        |
| Less accumulated amortization                | <u>(18,783)</u>      | <u>(6,261)</u>       | <u>-</u>             |
| <br>Database development/<br>conversion, Net | <br><u>\$ 43,827</u> | <br><u>\$ 56,349</u> | <br><u>\$ 33,030</u> |
|  |                      |                      |                      |
|  | <u>2015</u>          | <u>2014</u>          | <u>2013</u>          |
| Website                                      | \$ 45,683            | \$ 45,683            | \$ 45,683            |
|  | <u>45,683</u>        | <u>45,683</u>        | <u>45,683</u>        |
| Less accumulated amortization                | <u>(26,648)</u>      | <u>(17,512)</u>      | <u>(8,375)</u>       |
| <br>Website, Net                             | <br><u>\$ 19,035</u> | <br><u>\$ 28,171</u> | <br><u>\$ 37,308</u> |

NOTE E — TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of September 30, 2015, 2014, and 2013 consisted of:

|  | <u>2015</u>       | <u>2014</u>      | <u>2013</u> |
|--|-------------------|------------------|-------------|
| Time Restriction                           | \$ -              | \$ 1,073         | \$ -        |
| Team Build Projects                        | 30,000            | 15,000           | -           |
| Healthy Housing Challenge                  | 336,937           | -                | -           |
| Safe at Home                               | 60,000            | -                | -           |
| Total Temporarily<br>Restricted Net Assets | <u>\$ 426,937</u> | <u>\$ 16,073</u> | <u>\$ -</u> |

NOTE F — CONCENTRATIONS OF CREDIT RISK

The Organization typically maintains cash and cash equivalents and temporary investments in local banks which may, at times, exceed the Federal Deposit Insurance Corporation's limits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal credit risk. At September 30, 2015 the Organization's uninsured cash balances totaled \$53,469.

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**NOTES TO FINANCIAL STATEMENTS**

**NOTE G — COMMITMENTS**

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, 2015 was \$11,985.

**NOTE H — RELATED PARTY TRANSACTIONS/ RENTAL INCOME**

During the year ended September 30, 2015, the Organization leased out property at the premises located at 841 Kaynyne Street, Redwood City, California. The property was leased to a company in which a principal of the company is also a Board member of the Organization. Rental income for this property for the year ended September 30, 2015 was \$5,700.

**NOTE I — 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, 2015, these volunteers donated approximately 10,000 hours with an estimated value of \$281,300. This value was computed using an hourly rate of \$28.13. This amount is based upon the average hourly earnings of nonagricultural workers for the fiscal year ended September 30, 2015 (as determined by the U.S. Department of Labor's Bureau of Labor Statistics, plus 12% for estimated fringe benefits).
2. The Organization also received donated services and material which were recorded at market value as follows:

|   | <u>2015</u>       | <u>2014</u>       | <u>2013</u>       |
|---|-------------------|-------------------|-------------------|
| Renovation materials and labor          | \$ 197,037        | \$ 482,545        | \$ 606,333        |
| Truck                                   | -                 | 15,000            | -                 |
| Marketing materials                     | -                 | -                 | 50,275            |
| Solar Panels – labor and materials      | -                 | -                 | 13,544            |
| Dreams Happen event materials and labor | 124,981           | -                 | 323,377           |
| Total                                   | <u>\$ 322,018</u> | <u>\$ 497,545</u> | <u>\$ 993,529</u> |



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**NOTES TO FINANCIAL STATEMENTS**

NOTE J – 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, 2015, 2014, and 2013 are as follows:

|                              | 2015              |                   | 2014        |             | 2013              |                   |
|------------------------------|-------------------|-------------------|-------------|-------------|-------------------|-------------------|
|                              | Cash              | Noncash           | Cash        | Non-Cash    | Cash              | Noncash           |
| <b>Contributions</b>         |                   |                   |             |             |                   |                   |
| Playhouse auction            | \$ 289,000        | \$ -              | \$ -        | \$ -        | \$ 345,079        | \$ -              |
| Underwriting                 | 232,679           | -                 | -           | -           | 197,110           | -                 |
| Donations                    | 7,650             | 124,981           | -           | -           | 3,930             | 323,377           |
| <b>Total Contributions</b>   | <b>\$ 529,329</b> | <b>\$ 124,981</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 546,119</b> | <b>\$ 323,377</b> |
| <b>Revenue</b>               |                   |                   |             |             |                   |                   |
| Event Tickets                | \$ 15,685         | \$ -              | \$ -        | \$ -        | \$ 18,560         | \$ -              |
| Playhouse raffle             | 3,755             | -                 | -           | -           | -                 | -                 |
| Dream Box Drawing            | 15,210            | -                 | -           | -           | 17,870            | -                 |
| <b>Total Revenue</b>         | <b>\$ 34,650</b>  | <b>-</b>          | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 36,430</b>  | <b>\$ -</b>       |
| <b>Total Event Income</b>    | <b>\$ 563,979</b> | <b>\$ 124,981</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 600,549</b> | <b>\$ 323,377</b> |
| <b>Total Direct Expenses</b> | <b>\$ 90,544</b>  | <b>\$ 124,981</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 67,541</b>  | <b>\$ 323,377</b> |
| <b>Net Event Proceeds</b>    | <b>\$ 473,435</b> | <b>\$ -</b>       | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 515,008</b> | <b>\$ -</b>       |

NOTE K – SPECIAL EVENT (25<sup>th</sup> Anniversary)

The Organization celebrated its 25<sup>th</sup> anniversary on November 1, 2014. Tickets were sold and revenue collected before the event, during the September 30, 2014 fiscal year. Total ticket sales and revenue received during the year ended September 30, 2014 was \$138,242, of which \$95,527, is in the account “Deferred revenue, non-program” in the statement of financial position. Total expenses paid for this event during the year ended September 30, 2014 was \$61,203, of which \$18,488 are included in prepaid expenses.

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**NOTES TO FINANCIAL STATEMENTS**

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NOTE L – 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, 2015 and 2014 were \$16,712 and \$18,014 respectively.