

REBUILDING TOGETHER PENINSULA
(a California nonprofit public benefit corporation)

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

Year Ended September 30, 2012
(with Comparative Totals
For the Year Ended September 30, 2011)

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8



Boman Accounting Group, Inc.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rebuilding Together Peninsula
Redwood City, California

We have audited the accompanying statement of financial position of Rebuilding Together Peninsula (a California nonprofit public benefit corporation) as of September 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of Rebuilding Together Peninsula. Our responsibility is to express an opinion on these financial statements based on the audit. The prior year summarized comparative information has been derived from Rebuilding Together Peninsula's 2011 financial statements and, in our report dated February 6, 2012, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rebuilding Together Peninsula, as of September 30, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Boman Accounting Group, Inc.
Campbell, California
January 11, 2013

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

September 30, 2012
(With Comparative Totals for 2011)

	2012	2011
ASSETS		
Current assets		
Cash and equivalents	\$ 566,832	\$ 663,172
Accounts receivable	11,166	71,858
Investments	456,826	414,076
Prepaid expenses	8,816	5,030
Building supplies inventory	30,822	23,469
Other current assets	-	973
Total current assets	1,074,462	1,178,578
Fixed assets		
Property and equipment - net	2,320,615	2,372,747
Other assets		
Website development expenses	29,555	-
Total Assets	\$ 3,424,632	\$ 3,551,325
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 15,874	\$ 28,291
Accrued liabilities	37,193	20,280
Total current liabilities	53,067	48,571
Total liabilities	53,067	48,571
Net assets		
Unrestricted net assets	3,371,565	3,502,754
Temporarily restricted net assets	-	-
Total net assets	3,371,565	3,502,754
Total Liabilities and Net Assets	\$ 3,424,632	\$ 3,551,325

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, 2012
(With Comparative Totals for 2011)

	Unrestricted	Temporarily Restricted	2012 Total	2011 Total
Revenues, gains and other support				
Contributions and net revenue				
from special event (Dreams Happen)				
Contributions	\$ -	\$ -	\$ -	\$ 487,282
Special event revenue	-	-	-	40,683
Less: direct expenses	-	-	-	(62,954)
Net revenue from Special Event	-	-	-	465,011
Contributions and grants				
Donations	164,393	19,000	183,393	186,120
Foundations	63,785	37,212	100,997	106,420
Contributions in-kind	482,894	-	482,894	406,637
Revenues				
Government contracts	266,522	-	266,522	212,937
Program sponsorships	610,733	-	610,733	542,665
Rebuilding Together, Inc. sponsorship	16,400	-	16,400	20,000
Rental Income	22,800	-	22,800	22,800
Other income	4,357	-	4,357	4,643
Interest and dividend income	3,854	-	3,854	5,194
Net realized/unrealized gains/(losses)	40,242	-	40,242	(27,073)
	1,675,980	56,212	1,732,192	1,945,354
Net assets released from restriction	56,212	(56,212)	-	-
Total revenues, gains and other support	1,732,192	-	1,732,192	1,945,354
Expenses				
Program Services	1,591,589	-	1,591,589	1,457,752
Supporting Services:				
Management and general	119,599	-	119,599	112,986
Fundraising	152,193	-	152,193	138,111
Total expenses	1,863,381	-	1,863,381	1,708,849
Change in net assets	(131,189)	-	(131,189)	236,505
Net assets at beginning of year	3,502,754	-	3,502,754	3,266,249
Net assets at end of year	\$ 3,371,565	\$ -	\$ 3,371,565	\$ 3,502,754

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, 2012
(With Comparative Totals for 2011)

	Program Services	Supporting Services			2012 Total Expenses	2011 Total Expenses
	Total	Management and General	Fund- Raising	Total		
Expenses:						
Salaries and wages	\$ 300,616	\$ 48,020	\$ 90,726	\$ 138,746	\$ 439,362	\$ 412,253
Payroll taxes and benefits	71,467	10,397	19,397	29,794	101,261	98,793
Total salaries and related expenses	372,083	58,417	110,123	168,540	540,623	511,046
Renovation - cash paid	597,903	-	-	-	597,903	560,154
Renovation - in-kind	482,894	-	-	-	482,894	406,637
Volunteer expenses	47,265	-	-	-	47,265	45,782
Advertising	-	-	13,590	13,590	13,590	11,973
Bank Fees	-	1,031	-	1,031	1,031	1,426
Dues and subscriptions	-	303	606	909	909	690
Equipment maintenance	3,076	24	678	702	3,778	3,940
Insurance	2,343	3,999	160	4,159	6,502	5,959
Newsletter	4,204	-	6,281	6,281	10,485	12,271
Occupancy	9,936	1,007	2,191	3,198	13,134	12,257
Office	-	2,096	511	2,607	2,607	2,532
Payroll services	-	966	-	966	966	1,063
Professional fees	4,268	39,450	1,813	41,263	45,531	35,786
Printing and postage	3,146	-	13,179	13,179	16,325	18,076
Staff training and conferences	-	6,641	-	6,641	6,641	10,514
Taxes and licenses	-	1,789	-	1,789	1,789	1,791
Telephone	3,594	363	737	1,100	4,694	3,526
Transportation	7,957	2,563	673	3,236	11,193	10,173
Total expenses before depreciation	1,538,669	118,649	150,542	269,191	1,807,860	1,655,596
Depreciation	52,920	950	1,651	2,601	55,521	53,253
Total expenses	<u>\$ 1,591,589</u>	<u>\$ 119,599</u>	<u>\$ 152,193</u>	<u>\$ 271,792</u>	<u>\$ 1,863,381</u>	<u>\$ 1,708,849</u>
Percentage of total	<u>85.41%</u>	<u>6.42%</u>	<u>8.17%</u>	<u>14.59%</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, 2012
(With Comparative Totals for 2011)

	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ (131,189)	\$ 236,505
Noncash items included in revenues and expenses:		
Depreciation	55,521	53,253
Net realized and unrealized (gains) losses on investments	(40,242)	27,073
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	60,692	(60,281)
Prepaid expenses	(3,786)	1,822
Deferred support, restricted	0	(10,000)
Accounts payable	(12,417)	21,565
Accrued liabilities	16,913	6,508
Building supplies inventory	(7,353)	(23,469)
Other current assets	973	260
Other assets	(29,555)	-
	(90,443)	253,236
Net cash provided by (used in) operating activities	(90,443)	253,236
 Cash flows from investing activities:		
Proceeds from sale of investments	119,633	157,562
Purchase of investments	(122,141)	(82,208)
Purchase of property and equipment	(3,389)	(2,741)
	(5,897)	72,613
Net cash provided by (used in) investing activities	(5,897)	72,613
 Cash flows from financing activities:		
Net cash provided by (used in) financing activities	-	-
Net change in cash and cash equivalents	(96,340)	325,849
Beginning cash and cash equivalents	663,172	337,323
Ending cash and cash equivalents	\$ 566,832	\$ 663,172

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 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

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

6. Accounts Receivable

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

7. 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.

8. Accrued Vacation

Accrued vacation represents vacation earned, but not taken as of September 30, 2012 and is included in "accrued liabilities" in the statement of financial position. The accrued vacation balance as of September 30, 2012 and 2011 was \$12,240 and \$8,433.

9. 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.

REBUILDING TOGETHER PENINSULA
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. 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.

11. 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.

12. 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, 2011, 2010, and 2009 could be subject to examination by federal taxing authorities, generally for three years after they are filed. The Organization's state returns for the years ended September 30, 2011, 2010, 2009, and 2008 could be subject to examination by state taxing authorities, generally for four years after they are filed.

REBUILDING TOGETHER PENINSULA
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

13. Advertising

The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expenses for the years ended September 30, 2012 and 2011 was \$13,590 and \$11,973, respectively.

14. Fair Value Measurements

The Fair value is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” Accounting standards set a framework for measuring fair value using a three tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Quoted prices in active markets for identical securities.

Level 2: Inputs other than quoted prices for identical assets or liabilities that are observable in the marketplace. For example, Level 2 inputs include quoted prices for similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates and yield curves, volatilities, loss severities, credit risks, and default rate).

Level 3: Inputs that are not observable in the market and reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

15. 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, 2012 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

16. Subsequent Events

Management of the Organization has evaluated events and transactions subsequent to September 30, 2012 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, 2012. Subsequent events have been evaluated through January 11, 2013, the date the financial statements became available to be issued.

NOTE B — INVESTMENTS

The Organization maintains an investment account at Charles Schwab, which consists of equity securities of various companies. The securities are adjusted to fair market value as of the close of the fiscal year and the difference in market value from one year to the next is recorded as unrealized gain or loss in the statement of activities.

NOTE C — FAIR VALUE MEASUREMENTS

The table below presents the assets measured at fair value at September 30, 2012 and 2011 on a recurring basis.

	2012		2011	
	Total	Level 1	Level 1	Level 1
Investments				
Equity securities	\$ 456,826	\$ 456,826	\$ 414,076	
Total assets measured at fair value	\$ 456,826	\$ 456,826	\$ 414,076	

The Level 1 assets consist of equity securities held with Charles Schwab. The valuation method for these assets is described in Note A16.

REBUILDING TOGETHER PENINSULA
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE D — PREPAID EXPENSES

Prepaid expenses at September 30, 2012 are summarized as follows:

	2012	2011
Prepaid insurance	\$ 8,225	\$ 5,030
Prepaid Equipment Lease	151	-
Prepaid Copier Maintenance	345	-
Other Prepaid Expense	95	-
Total	\$ 8,816	\$ 5,030

NOTE E — PROPERTY AND EQUIPMENT

The cost and related accumulated depreciation of the property and equipment as of September 30, 2012 consisted of the following:

	2012	2011
Building	\$ 633,456	\$ 633,456
Building Improvements	833,471	833,471
Land	1,018,148	1,018,148
Furniture and Equipment	103,836	100,447
Automobile	21,897	21,897
	2,610,808	2,607,419
Less accumulated depreciation	(290,193)	(234,672)
Property and Equipment, Net	\$ 2,320,615	\$ 2,372,747

Depreciation expense for the years ended September 30, 2012 and 2011 was \$55,521 and \$53,253, respectively.

During the year ended September 30, 2012, the Organization incurred costs of \$29,555 to redesign the website. The website was completed and launched in October, 2012 for a total cost of \$45,236. Website development costs will be depreciated over 5 years starting from the time it was completed.

REBUILDING TOGETHER PENINSULA
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

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, 2012 the Organization's uninsured cash balances totaled \$247,027.

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, 2012 was \$8,500.

During the year ended September 30, 2012, the Organization received a special grant passed through from Rebuilding Together, Inc. in the amount of \$6,400 for the Safe at Home program.

NOTE H — RELATED PARTY TRANSACTIONS/ RENTAL INCOME

During the year ended September 30, 2012, 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, 2012 was \$22,800.

NOTE I — DONATED SERVICES AND MATERIALS

1. The Organization received donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.
2. The Organization also received donated services and material which were recorded at market value as follows:

	2012	2011
Renovation materials and labor	\$ 482,894	406,637
Dreams Happen event materials and labor	-	451,691
Total	\$ 482,894	858,328

REBUILDING TOGETHER PENINSULA
(A California Nonprofit Public Benefit Corporation)

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, 2012 and 2011 are as follows:

	2012		2011	
	Cash	Noncash	Cash	Noncash
Contributions				
Playhouse auction	\$ -	\$ -	\$ 320,000	\$ -
Underwriting	-		160,423	
Donations	-	-	6,859	451,691
	-	-	487,282	451,691
Total Contributions	\$ -	\$ -	\$ 487,282	\$ 451,691
Revenue				
Event Tickets	\$ -	\$ -	\$ 19,370	\$ -
Playhouse raffle	-		8,413	
Dream Box Drawing	-		12,900	
	-	-	40,683	-
Total Revenue	\$ -	\$ -	\$ 40,683	\$ -
Total Event Income	\$ -	\$ -	\$ 527,965	\$ 451,691
Total Direct Expenses	\$ -	\$ -	\$ 62,954	\$ 451,691
Net Event Proceeds	\$ -	\$ -	\$ 465,011	\$ -