

**REBUILDING TOGETHER PENINSULA**

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**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors  
Rebuilding Together Peninsula

### Opinion

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, 2022, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended and the related notes to the financial statements.

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, 2022, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rebuilding Together Peninsula and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Rebuilding Together Peninsula's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **INDEPENDENT AUDITORS' REPORT**

continued

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### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Rebuilding Together Peninsula's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rebuilding Together Peninsula's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## INDEPENDENT AUDITORS' REPORT

continued

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### Other Matter

#### *Report on Summarized Comparative Information*

We have previously audited Rebuilding Together Peninsula's 2021 and 2020 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our reports dated March 24, 2022, and March 18, 2021, respectively. In our opinion, the summarized comparative information presented herein as of and the years ended September 30, 2021 and September 30, 2020, is consistent, in all material respects, with the audited financial statements from which they have been derived.

*Harrington Group*

Oakland, California

March 7, 2023

# REBUILDING TOGETHER PENINSULA

## STATEMENT OF FINANCIAL POSITION

September 30, 2022

With comparative totals at September 30, 2021 and 2020

|   | <u>2022</u>                | <u>2021</u>                | <u>2020</u>                |
|---|----------------------------|----------------------------|----------------------------|
| <b>ASSETS</b>                             |                            |                            |                            |
| Cash and cash equivalents (Note 2)        | \$ 505,029                 | \$ 364,132                 | \$ 440,074                 |
| Accounts receivable                       | 425,226                    | 259,468                    | 116,904                    |
| Investments (Note 4)                      | 1,887,517                  | 2,063,409                  | 1,463,660                  |
| Prepaid and other assets                  | 76,254                     | 45,653                     | 36,160                     |
| Inventories                               | 37,182                     | 36,136                     | 33,745                     |
| Property and equipment (Note 5)           | 2,672,733                  | 2,678,096                  | 2,722,532                  |
| Other non-current assets (Note 5)         | 115,011                    | 78,736                     | 10,152                     |
| <b>TOTAL ASSETS</b>                       | <u><u>\$ 5,718,952</u></u> | <u><u>\$ 5,525,630</u></u> | <u><u>\$ 4,823,227</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>         |                            |                            |                            |
| <b>LIABILITIES</b>                        |                            |                            |                            |
| Accounts payable                          | \$ 65,592                  | \$ 172,275                 | \$ 60,852                  |
| Accrued liabilities (Note 6)              | 81,435                     | 109,889                    | 77,828                     |
| Deferred revenue                          | 292,950                    |                            | -                          |
| Paycheck protection program loan (Note 7) | -                          | 170,373                    | 159,370                    |
| <b>TOTAL LIABILITIES</b>                  | <u>439,977</u>             | <u>452,537</u>             | <u>298,050</u>             |
| <b>NET ASSETS</b>                         |                            |                            |                            |
| Without donor restrictions                | 4,566,803                  | 4,442,760                  | 3,809,111                  |
| With donor restrictions (Note 9)          | 712,172                    | 630,333                    | 716,066                    |
| <b>TOTAL NET ASSETS</b>                   | <u>5,278,975</u>           | <u>5,073,093</u>           | <u>4,525,177</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>   | <u><u>\$ 5,718,952</u></u> | <u><u>\$ 5,525,630</u></u> | <u><u>\$ 4,823,227</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, 2022

With comparative totals for the years ended September 30, 2021 and 2020

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | 2022                | 2021                | 2020                |
|--|-------------------------------|----------------------------|---------------------|---------------------|---------------------|
| <b>REVENUE AND SUPPORT</b>                               |                               |                            |                     |                     |                     |
| Contributions  | \$ 1,058,236                  | \$ 465,000                 | \$ 1,523,236        | \$ 1,358,287        | \$ 1,169,128        |
| Government contracts                                     |                               | 541,945                    | 541,945             | 484,364             | 339,728             |
| In-kind contributions (Notes 2, 11 and 12)               | 347,419                       |                            | 347,419             | 287,684             | 175,305             |
| Forgiveness of paycheck protection program loan (Note 7) | 170,373                       |                            | 170,373             | 159,370             | (88)                |
| Employee retention credit (Note 8)                       | 143,157                       |                            | 143,157             | -                   | -                   |
| Interest and dividend                                    | 48,630                        |                            | 48,630              | 39,225              | 32,025              |
| Rental income  | 7,767                         |                            | 7,767               | 18,500              | 5,600               |
| Miscellaneous revenue                                    | 5,118                         |                            | 5,118               | -                   | -                   |
| Special events (less expenses of \$278)                  | (178)                         |                            | (178)               | 225,176             | 46,760              |
| (Loss) on asset disposal                                 | (2,900)                       |                            | (2,900)             | (2,567)             | -                   |
| (Loss) gain on investment                                | (218,919)                     |                            | (218,919)           | 120,975             | 122,099             |
| Net assets released from restrictions (Note 9)           | 925,106                       | (925,106)                  | -                   | -                   | -                   |
| <b>TOTAL REVENUE AND SUPPORT</b>                         | <b>2,483,809</b>              | <b>81,839</b>              | <b>2,565,648</b>    | <b>2,691,014</b>    | <b>1,890,557</b>    |
| <b>EXPENSES</b>  |                               |                            |                     |                     |                     |
| Program services   | 1,563,833                     |                            | 1,563,833           | 1,374,213           | 1,251,792           |
| Management and general                                   | 770,880                       |                            | 770,880             | 491,023             | 418,269             |
| Fundraising  | 25,053                        |                            | 25,053              | 277,862             | 342,022             |
| <b>TOTAL EXPENSES</b>                                    | <b>2,359,766</b>              | <b>-</b>                   | <b>2,359,766</b>    | <b>2,143,098</b>    | <b>2,012,083</b>    |
| <b>CHANGE IN NET ASSETS</b>                              | <b>124,043</b>                | <b>81,839</b>              | <b>205,882</b>      | <b>547,916</b>      | <b>(121,526)</b>    |
| <b>NET ASSETS, BEGINNING OF YEAR</b>                     | <b>4,442,760</b>              | <b>630,333</b>             | <b>5,073,093</b>    | <b>4,525,177</b>    | <b>4,646,703</b>    |
| <b>NET ASSETS, END OF YEAR</b>                           | <b>\$ 4,566,803</b>           | <b>\$ 712,172</b>          | <b>\$ 5,278,975</b> | <b>\$ 5,073,093</b> | <b>\$ 4,525,177</b> |

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

## REBUILDING TOGETHER PENINSULA

### STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2022

With comparative totals for the years ended September 30, 2021 and 2020

|                                       | Program<br>Services | Management<br>and General | Fundraising      | 2022                | Total Expenses<br>2021 | 2020         |
|---------------------------------------|---------------------|---------------------------|------------------|---------------------|------------------------|--------------|
| Salaries and wages                    | \$ 398,827          | \$ 298,946                | \$ -             | \$ 697,773          | \$ 638,048             | \$ 744,852   |
| Payroll taxes and benefits            | 95,158              | 59,376                    |                  | 154,534             | 155,090                | 154,895      |
| Total salaries and related expenses   | 493,985             | 358,322                   | -                | 852,307             | 793,138                | 899,747      |
| Renovation-cash paid                  | 570,949             |                           |                  | 569,586             | 552,309                | 452,669      |
| Professional fees                     | 56,676              | 201,217                   |                  | 257,893             | 211,567                | 178,024      |
| Renovation-in kind                    | 248,470             |                           |                  | 248,470             | 238,216                | 99,062       |
| Depreciation                          | 78,144              | 17,374                    |                  | 95,518              | 90,808                 | 90,990       |
| In-kind expenses                      |                     | 68,336                    | 25,053           | 93,389              | 37,468                 | 76,243       |
| Occupancy                             | 24,529              | 8,863                     |                  | 33,392              | 23,483                 | 25,402       |
| Insurance                             | 17,962              | 8,237                     |                  | 26,199              | 23,208                 | 19,692       |
| Office expenses                       | 8,949               | 14,533                    |                  | 23,482              | 16,874                 | 11,590       |
| Dues and subscriptions                | 183                 | 21,829                    |                  | 22,012              | 21,111                 | 22,365       |
| Bank and investment fees              |                     | 20,798                    |                  | 20,798              | 19,231                 | 14,256       |
| Volunteer expenses                    | 18,115              | 1,106                     |                  | 19,221              | 28,372                 | 28,651       |
| Staff training and conferences        | 2,708               | 15,714                    |                  | 18,422              | 10,632                 | 9,493        |
| Printing and postage                  | 4,975               | 10,659                    |                  | 15,634              | 15,436                 | 29,738       |
| Telephone                             | 10,048              | 4,436                     |                  | 14,484              | 14,636                 | 13,926       |
| Advertising                           | 7,563               | 4,977                     |                  | 12,540              | 12,230                 | 10,346       |
| Transportation                        | 6,971               | 3,644                     |                  | 10,615              | 9,841                  | 10,742       |
| Taxes and licenses                    | 9,261               | 705                       |                  | 9,966               | 9,966                  | 9,592        |
| Equipment maintenance                 | 4,345               | 3,436                     |                  | 7,781               | 10,761                 | 6,661        |
| Other expenses                        |                     | 5,096                     |                  | 5,096               | 1,293                  | 857          |
| Payroll expenses                      |                     | 2,961                     |                  | 2,961               | 2,518                  | 2,037        |
| <b>TOTAL 2022 FUNCTIONAL EXPENSES</b> | <b>\$ 1,563,833</b> | <b>\$ 770,880</b>         | <b>\$ 25,053</b> | <b>\$ 2,359,766</b> |                        |              |
| TOTAL 2021 FUNCTIONAL EXPENSES        | \$ 1,374,213        | \$ 491,023                | \$ 277,862       |                     | \$ 2,143,098           |              |
| TOTAL 2020 FUNCTIONAL EXPENSES        | \$ 1,251,792        | \$ 418,269                | \$ 342,022       |                     |                        | \$ 2,012,083 |

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



**REBUILDING TOGETHER PENINSULA**

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2022

With comparative totals for the years ended September 30, 2021 and 2020  
(continued)

|                                       | Program Services           |                   |               |                     | Total Program Services |              |              |
|---------------------------------------|----------------------------|-------------------|---------------|---------------------|------------------------|--------------|--------------|
|                                       | National<br>Rebuilding Day | Safe at<br>Home   | Team<br>Build | Special<br>Projects | 2022                   | 2021         | 2020         |
| Salaries and wages                    | \$ 209,653                 | \$ 182,619        | \$ -          | \$ 6,555            | \$ 398,827             | \$ 355,214   | \$ 463,027   |
| Payroll taxes and benefits            | 44,549                     | 50,118            |               | 491                 | 95,158                 | 94,377       | 99,021       |
| Total salaries and related expenses   | 254,202                    | 232,737           | -             | 7,046               | 493,985                | 449,591      | 562,048      |
| Renovation-cash paid                  | 256,806                    | 204,007           |               | 110,136             | 570,949                | 552,309      | 452,669      |
| Renovation-in kind                    | 222,365                    | 25,378            |               | 727                 | 248,470                | 238,216      | 99,062       |
| Depreciation and amortization         | 39,565                     | 37,962            |               | 617                 | 78,144                 | 12,016       | 8,176        |
| Professional fees                     | 23,452                     | 32,449            |               | 775                 | 56,676                 | 16,316       | 9,872        |
| Occupancy                             | 12,360                     | 11,742            |               | 427                 | 24,529                 | 18,017       | 19,955       |
| Volunteer expenses                    | 10,776                     | 7,305             |               | 34                  | 18,115                 | 27,222       | 28,458       |
| Insurance                             | 9,008                      | 8,616             |               | 338                 | 17,962                 | 15,935       | 13,782       |
| Telephone                             | 5,034                      | 4,797             |               | 217                 | 10,048                 | 10,520       | 11,379       |
| Taxes and licenses                    | 4,634                      | 4,444             |               | 183                 | 9,261                  | 9,408        | 9,148        |
| Office expenses                       | 4,609                      | 4,208             |               | 132                 | 8,949                  | 5,116        | 5,359        |
| Advertising                           | 6,892                      | 671               |               |                     | 7,563                  | 1,562        | 4,523        |
| Transportation                        | 4,435                      | 2,209             |               | 327                 | 6,971                  | 7,189        | 7,803        |
| Printing and postage                  | 3,027                      | 1,873             |               | 75                  | 4,975                  | 5,253        | 13,396       |
| Equipment maintenance                 | 2,195                      | 2,078             |               | 72                  | 4,345                  | 5,368        | 5,175        |
| Staff training and conferences        | 1,808                      | 881               |               | 19                  | 2,708                  | 175          | 987          |
| Dues and subscriptions                | 183                        |                   |               |                     | 183                    | -            | -            |
| Bank and investment fees              |                            |                   |               |                     | -                      | -            | -            |
| In-kind expenses                      |                            |                   |               |                     | -                      | -            | -            |
| Other expenses                        |                            |                   |               |                     | -                      | -            | -            |
| Payroll expenses                      |                            |                   |               |                     | -                      | -            | -            |
| <b>TOTAL 2022 FUNCTIONAL EXPENSES</b> | <b>\$ 861,351</b>          | <b>\$ 581,357</b> | <b>\$ -</b>   | <b>\$ 121,125</b>   | <b>\$ 1,563,833</b>    |              |              |
| TOTAL 2021 FUNCTIONAL EXPENSES        | \$ 542,382                 | \$ 482,611        | \$ 135,472    | \$ 213,748          |                        | \$ 1,374,213 |              |
| TOTAL 2020 FUNCTIONAL EXPENSES        | \$ 325,993                 | \$ 606,111        | \$ 119,864    | \$ 199,824          |                        |              | \$ 1,251,792 |

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

## REBUILDING TOGETHER PENINSULA

### STATEMENT OF CASH FLOWS

For the year ended September 30, 2022

With comparative totals for the years ended September 30, 2021 and 2020

|  | 2022              | 2021              | 2020              |
|--|-------------------|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                   |                   |                   |
| Change in net assets   | \$ 205,882        | \$ 547,916        | \$ (121,526)      |
| Adjustments to reconcile change in net assets to net cash provided<br>(used) by operating activities |                   |                   |                   |
| Depreciation and amortization  | 95,518            | 90,808            | 90,990            |
| Realized and unrealized loss (gain) on investments   | 218,919           | (120,975)         | (122,099)         |
| Re-invested dividends  | (48,630)          | (39,225)          | (36,603)          |
| Loss on asset disposal   | 2,900             | 2,567             | -                 |
| Forgiveness of paycheck protection program loan  | (170,373)         | (159,370)         | -                 |
| (Increase) decrease in operating assets:   |                   |                   |                   |
| Accounts receivable  | (165,758)         | (142,564)         | 24,797            |
| Prepaid and other assets   | (30,601)          | (9,493)           | 17,671            |
| Building supplies inventory  | (1,046)           | (2,391)           | (1,552)           |
| Increase (decrease) in operating liabilities:  |                   |                   |                   |
| Accounts payable   | (106,683)         | 111,423           | 13,318            |
| Accrued liabilities  | (28,454)          | 32,061            | 12,683            |
| Deferred revenue   | 292,950           | -                 | -                 |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>  | <b>264,624</b>    | <b>310,757</b>    | <b>(122,321)</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                   |                   |                   |
| Proceeds from sale of investment   | 205,603           | -                 | -                 |
| Purchase of investments  | (200,000)         | (439,549)         | (33,598)          |
| Purchase of property and equipment   | (129,330)         | (117,523)         | (6,102)           |
| <b>NET CASH (USED) BY INVESTING ACTIVITIES</b>   | <b>(123,727)</b>  | <b>(557,072)</b>  | <b>(39,700)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |                   |                   |                   |
| Proceeds from paycheck protection program loan   | -                 | 170,373           | 159,370           |
| <b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>   | <b>-</b>          | <b>170,373</b>    | <b>159,370</b>    |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>  | <b>140,897</b>    | <b>(75,942)</b>   | <b>(2,651)</b>    |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>  | <b>364,132</b>    | <b>440,074</b>    | <b>442,725</b>    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>  | <b>\$ 505,029</b> | <b>\$ 364,132</b> | <b>\$ 440,074</b> |

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

# REBUILDING TOGETHER PENINSULA

## NOTES TO FINANCIAL STATEMENTS

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### 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:

#### **Basis of Presentation**

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

#### **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.

#### **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.

#### **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

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### 2. Summary of Significant Accounting Policies, continued

#### **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.

#### **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.

#### **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.

#### **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.

#### **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.

# REBUILDING TOGETHER PENINSULA

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### 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.

#### Recently Adopted Accounting Pronouncement

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU clarifies the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items, to increase transparency and comparability surrounding contributed nonfinancial assets through enhancements to presentation and disclosure. The ASU requires to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, include in disclosures a disaggregation of the amount of contributed nonfinancial assets by category, for each category, additional qualitative disclosures. The update does not change existing recognition and measurement requirements for contributed nonfinancial assets. The ASU is effective for fiscal years beginning after June 15, 2021. Rebuilding Together Peninsula's financial statements for the year ended September 30, 2022 are presented in accordance with ASU 2020-07.

#### 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. See Notes 11 and 12 for details.

#### 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.

# REBUILDING TOGETHER PENINSULA

## NOTES TO FINANCIAL STATEMENTS

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### 2. Summary of Significant Accounting Policies, continued

#### **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.

#### **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.

#### **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, 2021 and September 30, 2020, from which the summarized information was derived.

#### **Subsequent Events**

Management has evaluated subsequent events through March 7, 2023, 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

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#### 3. Liquidity and Availability of Resources

To satisfy its working capital Rebuilding Together Peninsula needs to maintain 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, 2022:

|  |                    |
|--|--------------------|
| Cash and cash equivalents  | \$ 505,029         |
| Accounts receivable  | 425,226            |
| Investments  | <u>1,887,517</u>   |
| Total financial assets   | 2,817,772          |
| Less: Donor restricted funds – time and purpose  | <u>(712,172)</u>   |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$2,105,600</u> |

#### 4. Investments

Investments at September 30, 2022, 2021, and 2020 consist of the following:

|                       | <u>2022</u>        | <u>2021</u>        | <u>2020</u>        |
|-----------------------|--------------------|--------------------|--------------------|
| Fixed income          | \$ 968,687         | \$1,018,163        | \$ 664,576         |
| Equities              | 839,168            | 967,576            | 767,183            |
| Other assets          | 43,875             | 33,815             | 31,901             |
| Exchange traded funds | <u>35,787</u>      | <u>43,855</u>      | <u>-</u>           |
| Total                 | <u>\$1,887,517</u> | <u>\$2,063,409</u> | <u>\$1,463,660</u> |

#### 5. Property and Equipment and Other Non-Current Assets

Property and equipment and other non-current assets at September 30, 2022, 2021, and 2020 consist of the following:

|                                | <u>2022</u>        | <u>2021</u>        | <u>2020</u>        |
|--------------------------------|--------------------|--------------------|--------------------|
| <b>Property and Equipment:</b> |                    |                    |                    |
| 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        | 157,260            | 149,970            | 149,831            |
| Vehicles                       | <u>102,920</u>     | <u>34,402</u>      | <u>15,000</u>      |
|                                | 3,627,431          | 3,551,623          | 3,532,082          |
| Less: accumulated depreciation | <u>(954,698)</u>   | <u>(873,527)</u>   | <u>(809,550)</u>   |
|                                | <u>\$2,672,733</u> | <u>\$2,678,096</u> | <u>\$2,722,532</u> |

continued

## REBUILDING TOGETHER PENINSULA

### NOTES TO FINANCIAL STATEMENTS

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#### 5. Property and Equipment and Other Non-Current Assets, continued

| <b>Other Non-Current Assets:</b> | <b><u>2022</u></b>       | <b><u>2021</u></b>      | <b><u>2020</u></b>      |
|----------------------------------|--------------------------|-------------------------|-------------------------|
| Database development/conversion  | \$ 169,416               | \$ 122,044              | \$ 62,610               |
| Promotional videos               | 98,193                   | 95,443                  | 92,043                  |
| Website                          | <u>65,920</u>            | <u>65,920</u>           | <u>45,684</u>           |
|                                  | <b>333,529</b>           | 283,407                 | 200,337                 |
| Less: accumulated depreciation   | <u>(218,518)</u>         | <u>(204,671)</u>        | <u>(190,185)</u>        |
|                                  | <b><u>\$ 115,011</u></b> | <b><u>\$ 78,736</u></b> | <b><u>\$ 10,152</u></b> |

Depreciation expense for the years ended September 30, 2022, 2021, and 2020 were \$95,518, \$90,808, and \$90,990, respectively.

#### 6. Accrued Liabilities

Accrued liabilities at September 30, 2022, 2021, and 2020, consist of the following:

|                           | <b><u>2022</u></b>     | <b><u>2021</u></b>      | <b><u>2020</u></b>     |
|---------------------------|------------------------|-------------------------|------------------------|
| Accrued payroll           | \$38,391               | \$ 1,080                | \$ -                   |
| Accrued vacation          | 34,082                 | 29,001                  | 26,172                 |
| Other accrued liabilities | <u>8,962</u>           | <u>79,808</u>           | <u>51,656</u>          |
|                           | <b><u>\$81,435</u></b> | <b><u>\$109,889</u></b> | <b><u>\$77,828</u></b> |

#### 7. Paycheck Protection Program Loan

On March 5, 2021, Rebuilding Together Peninsula received its second Paycheck Protection Program (“PPP”) loan of \$170,373 the proceeds of which will be used to support payroll and operations 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 March 5, 2021. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% with a deferral of payment for the first six months.

Rebuilding Together Peninsula’s first PPP loan amount of \$170,373 was forgiven on January 18, 2022. Revenue related to the loan forgiveness of \$170,373 for the year ended September 30, 2022, is reflected in the Statement of Activities.

The Small Business Administration (“SBA”) reserves the right to review any loan at their discretion and the SBA will review any loan over \$2 million. Areas of review include eligibility, necessity, calculation of the loan amount, use of loan proceeds, and the calculation of the loan forgiveness amount. PPP loan documentation should be retained for six years after the date the loan is forgiven or repaid in full.

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## REBUILDING TOGETHER PENINSULA

### NOTES TO FINANCIAL STATEMENTS

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#### 8. Employee Retention Credit

The Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) provides an employee retention credit (“ERC”), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the tax credit was 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee was increased to \$10,000 of qualified wages per quarter. During the fiscal year September 30, 2022, Rebuilding Together Peninsula qualified for the tax credit under the CARES Act and recorded \$143,157 as revenue.

#### 9. Net Assets With Donor Restrictions

Net assets with donor restrictions at September 30, 2022, 2021, and 2020 are restricted for the following programs:

|                             | <u>2022</u>      | <u>2021</u>      | <u>2020</u>      |
|-----------------------------|------------------|------------------|------------------|
| Healthy Housing Challenge   | \$266,024        | \$287,309        | \$307,703        |
| Safe at Home                | 133,000          | 67,500           | 138,500          |
| Sequoia Mobile Home Trailer | 126,000          | -                | -                |
| Others                      | 119,000          | 182,292          | 149,350          |
| DH roof repair              | <u>68,148</u>    | <u>93,232</u>    | <u>120,513</u>   |
|                             | <u>\$712,172</u> | <u>\$630,333</u> | <u>\$716,066</u> |

For the years ended September 30, 2022, 2021, and 2020, net assets released from purpose restrictions were \$925,106, \$895,438, and \$931,145, respectively.

#### 10. 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, 2022 was \$20,000.

## REBUILDING TOGETHER PENINSULA

### NOTES TO FINANCIAL STATEMENTS

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#### 10. Commitment and Contingencies, continued

##### 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.

#### 11. In-kind Contributions

For the year ended September 30, 2022, Rebuilding Together Peninsula received in-kind contributions of \$347,419 of which \$93,610 were donated services, \$5,560 was donated property and equipment, \$248,249 were donated materials.

Such services, property, equipment and materials if not donated, would have been paid for by Rebuilding Together Peninsula. Accordingly, Rebuilding Together Peninsula has recorded revenue and corresponding expense for the year ended September 30, 2022.

The following table shows the breakdown of in-kind contributions for Rebuilding Together Peninsula for the years ended September 30, 2022, 2021, and 2020:

|                                | <u>2022</u>      | <u>2021</u>      | <u>2020</u>      |
|--------------------------------|------------------|------------------|------------------|
| Renovation materials and labor | \$248,249        | \$238,216        | \$ 99,062        |
| Legal services                 | 68,263           | 17,215           | 22,778           |
| Donated services -Other        | 25,347           | 20,098           | 52,347           |
| Donated property and equipment | 5,560            | 12,000           | 1,118            |
| Special fundraising event      | -                | 155              | -                |
|                                | <u>\$347,419</u> | <u>\$287,684</u> | <u>\$175,305</u> |

Of the total \$347,419 in kind contributions recorded by Rebuilding Together Peninsula during the year ended September 30, 2022, \$222,365 was utilized by National Building Day program, \$25,378 by Safe at Home program, \$727 by Special Projects, \$68,336 by Management and General, \$25,053 by Fundraising and \$5,560 by Property and Equipment. There were no donor restrictions on the in-kind contributions as of September 30, 2022.

Rebuilding Together Peninsula relies on in-kind donors to provide values for their in-kind contributions based on their knowledge and expertise. If a donor asks for assistance with assessing the value of donated renovation materials (e.g. used cabinets or lumber, etc.), Rebuilding Together Peninsula may consult publicly available sources (such as eBay or Craigslist), but the agency always relies on the donor for the final amount to be considered as the fair value for the in kind donation.

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## REBUILDING TOGETHER PENINSULA

### NOTES TO FINANCIAL STATEMENTS

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#### 11. In-kind Contributions, continued

Rebuilding Together Peninsula also 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, 2022, 2021, and 2020, these volunteers donated 6,464 hours, 3,903 hours, and 0 hours, respectively, with estimated values of \$226,628, \$138,791, and \$0 for the years ended September 30, 2022, 2021, and 2020, respectively. These values are based on an April 18, 2022 report entitled Value-of-Volunteer-Time-By-State published by the nonprofit organization Independent Sector.

#### 12. Fair Value Measurements

The table below presents the balances of assets measured at fair value at September 30, 2022, 2020, and 2019 on a recurring basis:

|                               | <u>Level 1</u>     | <u>Level 2</u>   | <u>Level 3</u> | <u>Total</u>       |
|-------------------------------|--------------------|------------------|----------------|--------------------|
| <u>September 30, 2022</u>     |                    |                  |                |                    |
| Equities                      |                    |                  |                |                    |
| Technology                    | \$204,682          | \$ -             | \$ -           | \$204,682          |
| Consumer goods                | 189,649            |                  |                | 189,649            |
| Health care                   | 168,748            |                  |                | 168,748            |
| Financial services            | 150,386            |                  |                | 150,386            |
| Energy                        | 49,846             |                  |                | 49,846             |
| Communication services        | 36,641             |                  |                | 36,641             |
| Industrial goods              | 23,521             |                  |                | 23,521             |
| Basic materials               | <u>15,695</u>      |                  |                | <u>15,695</u>      |
| Total equities                | <u>839,168</u>     | <u>-</u>         | <u>-</u>       | <u>839,168</u>     |
| Fixed income                  |                    |                  |                |                    |
| Corporate bonds               |                    | 679,779          |                | 679,779            |
| U.S. Treasury notes           | 151,056            |                  |                | 151,056            |
| Agency securities             |                    | <u>137,852</u>   |                | <u>137,852</u>     |
| Total fixed income            | <u>151,056</u>     | <u>817,631</u>   | <u>-</u>       | <u>968,687</u>     |
| Exchange traded funds (“ETF”) |                    |                  |                |                    |
| iShares preferred income      | <u>35,787</u>      |                  |                | <u>35,787</u>      |
| Total ETF                     | <u>35,787</u>      | <u>-</u>         | <u>-</u>       | <u>35,787</u>      |
| Other assets                  |                    |                  |                |                    |
| Real estate                   | <u>43,875</u>      |                  |                | <u>43,875</u>      |
| Total other assets            | <u>43,875</u>      | <u>-</u>         | <u>-</u>       | <u>43,875</u>      |
|                               | <u>\$1,069,886</u> | <u>\$817,631</u> | <u>\$ -</u>    | <u>\$1,887,517</u> |

continued

## REBUILDING TOGETHER PENINSULA

### NOTES TO FINANCIAL STATEMENTS

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#### 12. Fair Value Measurements, continued

|                               | <u>Level 1</u>     | <u>Level 2</u>    | <u>Level 3</u>      | <u>Total</u>       |
|-------------------------------|--------------------|-------------------|---------------------|--------------------|
| <u>September 30, 2021</u>     |                    |                   |                     |                    |
| Equities                      |                    |                   |                     |                    |
| Technology                    | \$ 238,697         | \$ -              | \$ -                | \$ 238,697         |
| Consumer goods                | 224,557            |                   |                     | 224,557            |
| Health care                   | 198,840            |                   |                     | 198,840            |
| Financial services            | 153,958            |                   |                     | 153,958            |
| Industrial goods              | 52,372             |                   |                     | 52,372             |
| Energy                        | 48,527             |                   |                     | 48,527             |
| Communication services        | 37,807             |                   |                     | 37,807             |
| Basic materials               | <u>12,818</u>      | <u>          </u> | <u>          </u>   | <u>12,818</u>      |
| Total equities                | <u>967,576</u>     | <u>          </u> | <u>          </u>   | <u>967,576</u>     |
| Fixed income                  |                    |                   |                     |                    |
| Corporate bonds               |                    | 647,597           |                     | 647,597            |
| U.S. Treasury notes           | 223,703            |                   |                     | 223,703            |
| Agency securities             | <u>          </u>  | <u>146,863</u>    | <u>          </u>   | <u>146,863</u>     |
| Total fixed income            | <u>223,703</u>     | <u>794,460</u>    | <u>          </u>   | <u>1,018,163</u>   |
| Exchange traded funds (“ETF”) |                    |                   |                     |                    |
| iShares preferred income      | <u>43,855</u>      | <u>          </u> | <u>          </u>   | <u>43,855</u>      |
| Total ETF                     | <u>43,855</u>      | <u>          </u> | <u>          </u>   | <u>43,855</u>      |
| Other assets                  |                    |                   |                     |                    |
| Real estate                   | <u>33,815</u>      | <u>          </u> | <u>          </u>   | <u>33,815</u>      |
| Total other assets            | <u>33,815</u>      | <u>          </u> | <u>          </u>   | <u>33,815</u>      |
|                               | <u>\$1,268,949</u> | <u>\$794,460</u>  | <u>\$          </u> | <u>\$2,063,409</u> |

continued

## REBUILDING TOGETHER PENINSULA

### NOTES TO FINANCIAL STATEMENTS

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#### 12. Fair Value Measurements, continued

|                           | <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> |

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).

continued

## REBUILDING TOGETHER PENINSULA

### NOTES TO FINANCIAL STATEMENTS

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#### 12. Fair Value Measurements, continued

The table below present transactions measured at fair value on a non-recurring basis during the year ended September 30, 2022, 2021, and 2020:

|  | <u>Level 1</u> | <u>Level 2</u>   | <u>Level 3</u> | <u>Total</u>     |
|--|----------------|------------------|----------------|------------------|
| Donated renovation materials and labor | \$ -           | \$347,419        | \$ -           | \$347,419        |
| Fair value at September 30, 2022       | <u>\$ -</u>    | <u>\$347,419</u> | <u>\$ -</u>    | <u>\$347,419</u> |
| Donated renovation materials and labor | \$ -           | \$287,684        | \$ -           | \$287,684        |
| Fair value at September 30, 2021       | <u>\$ -</u>    | <u>\$287,684</u> | <u>\$ -</u>    | <u>\$287,684</u> |
| Donated renovation materials and labor | \$ -           | \$175,305        | \$ -           | \$175,305        |
| Fair value at September 30, 2020       | <u>\$ -</u>    | <u>\$717,585</u> | <u>\$ -</u>    | <u>\$717,585</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).