

REBUILDING TOGETHER SILICON VALLEY

Financial Statements

July 31, 2011 and 2010

(With Independent Auditors' Report Thereon)

LAURIE ORLANDO
Partner

LOU MITTS
Partner

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Partner



ORLANDO, MITTS, MOORE & COMPANY
AN ACCOUNTANCY CORPORATION

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Rebuilding Together Silicon Valley:

We have audited the accompanying statements of financial position of Rebuilding Together Silicon Valley (a nonprofit organization) as of July 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the management of Rebuilding Together Silicon Valley. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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 Silicon Valley as of July 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

December 7, 2011

REBUILDING TOGETHER SILICON VALLEY

Statements of Financial Position

July 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 654,377	\$ 471,274
Investments	45,198	40,946
Contribution/grant receivable	-	62,289
Accounts receivable	6,506	-
Prepaid expenses	145	319
	<u>706,226</u>	<u>574,828</u>
Total current assets	706,226	574,828
Property and equipment, net	115,260	89,700
Deposits	7,000	7,000
	<u>122,260</u>	<u>96,700</u>
Total assets	<u>\$ 828,486</u>	<u>\$ 671,528</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 32,821	\$ 9,584
Deferred contribution/grant revenue	52,933	39,000
Accrued payroll and related	32,318	32,440
	<u>118,072</u>	<u>81,024</u>
Total current liabilities	118,072	81,024
Net assets:		
Unrestricted	710,414	590,504
	<u>710,414</u>	<u>590,504</u>
Total net assets	710,414	590,504
Commitments		
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 828,486</u>	<u>\$ 671,528</u>

See accompanying notes.

REBUILDING TOGETHER SILICON VALLEY

Statements of Activities

Years ended July 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted revenues, and other support:		
Sponsorship	\$ 292,500	\$ 254,580
Non-sponsorship	612,312	533,189
In-kind donations	160,773	179,737
Contributions	59,039	62,274
Other	31,717	30,063
Realized/Unrealized Gains (Losses)	<u>3,842</u>	<u>4,149</u>
Total unrestricted revenues, and other support	<u>1,160,183</u>	<u>1,063,992</u>
Expenses:		
Program services	895,975	836,621
Supporting services:		
Management and general	71,061	70,276
Fundraising	<u>73,237</u>	<u>81,779</u>
Total expenses	<u>1,040,273</u>	<u>988,676</u>
Change in unrestricted net assets	119,910	75,316
Net assets, beginning of year	<u>590,504</u>	<u>515,188</u>
Net assets, end of year	<u>\$ 710,414</u>	<u>\$ 590,504</u>

See accompanying notes.

REBUILDING TOGETHER SILICON VALLEY

Statements of Functional Expenses

Years ended July 31, 2011 and 2010

	2011			2010			
	Program Services	Supporting Services		Program Services	Supporting Services		
	Home and Facility Repairs	Management and General	Fundraising	Home and Facility Repairs	Management and General	Fundraising	
		Total Expenses			Total Expenses		
Salaries and benefits	\$ 319,549	\$ 39,944	\$ 39,943	\$ 342,923	\$ 42,866	\$ 42,865	\$ 428,654
Rent	42,432	5,304	5,304	40,944	5,118	5,118	51,180
Depreciation and amortization	22,014	2,752	2,752	13,177	1,647	1,647	16,471
In-kind materials	26,050	-	-	49,750	-	-	49,750
In-kind labor	53,327	-	-	47,345	-	-	47,345
Purchased material and supplies	260,114	-	-	182,536	-	-	182,536
Other labor and expenses	44,933	-	-	35,186	-	-	35,186
Other program expenses	5,149	-	-	2,919	-	-	2,919
Promotion	902	113	113	395	50	50	495
Fundraising	-	-	20,294	-	-	25,936	25,936
General office	5,639	705	705	2,923	365	365	3,653
Insurance	12,782	-	-	10,002	-	-	10,002
Consultants and other professional services	18,120	20,130	2,013	14,434	16,037	1,604	32,075
Printing	2,726	341	341	2,862	357	358	3,577
Training	3,112	-	-	1,275	-	-	1,275
Travel	11,040	-	-	9,442	-	-	9,442
Equipment expense	6,448	806	806	23,250	2,908	2,907	29,065
Facility expenses	7,728	966	966	7,429	928	929	9,286
Volunteer expenses	53,910	-	-	49,829	-	-	49,829
	\$ 895,975	\$ 71,061	\$ 73,237	\$ 836,621	\$ 70,276	\$ 81,779	\$ 988,676

See accompanying notes.

REBUILDING TOGETHER SILICON VALLEY

Statements of Cash Flows

Years ended July 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 119,910	\$ 75,316
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	27,518	16,471
Changes in assets and liabilities:		
Contribution/grant receivable	62,289	(62,289)
Accounts Receivable	(6,506)	-
Prepaid expenses	174	174
Other Assets	-	-
Accounts payable	23,237	510
Deferred contribution/grant revenue	13,933	39,000
Accrued payroll and related	(122)	(6,976)
Net cash provided (used) by operating activities	<u>240,433</u>	<u>62,206</u>
Cash flows from investing activities:		
Purchase of property and equipment, net	(53,078)	(68,259)
Investments	(4,252)	(4,459)
Net cash provided (used) by investing activities	<u>(57,330)</u>	<u>(72,718)</u>
Cash flows from financing activities:		
Net cash provided (used) by financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	183,103	(10,512)
Cash and cash equivalents, beginning of year	<u>471,274</u>	<u>481,786</u>
Cash and cash equivalents, end of year	<u>\$ 654,377</u>	<u>\$ 471,274</u>

See accompanying notes.

REBUILDING TOGETHER SILICON VALLEY

Notes to Financial Statements

July 31, 2011 and 2010

(1) Summary of significant accounting policies

(a) Organization and nature of activities

Rebuilding Together Silicon Valley, formerly known as Christmas in April - South Bay (the Organization), is a local volunteer organization that rehabilitates the houses of low-income homeowners and repairs nonprofit facilities, at no cost to the recipient.

(b) Cash and cash equivalents

The Organization considers all highly liquid investments with an original or remaining maturity of three months or less time of purchase to be cash equivalents.

(c) Revenue and support

Revenue consists of sponsorship, contributions, non-sponsorship, grants and in-kind donations of services and materials. Sponsorship, contributions and grants are unconditional and available for unrestricted use. Program expenses for the projects in which they relate offset in-kind donations. All revenue is recognized in the period for which it is received.

(d) Contributions receivable

The Organization considers contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they are charged to bad debt expense when that determination is made by management. Collections on accounts previously written off are included in other income as received.

(e) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is provided on a straight-line basis over the life of the assets ranging from three years to five years.

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Notes to Financial Statements

July 31, 2011 and 2010

(1) Summary of significant accounting policies - continued

(f) Concentrations of credit risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of cash and cash equivalents held in bank and brokerage accounts. The Organization uses only high quality financial institutions for its banking relationship. However the amount of cash deposited in the banks and brokerages is in excess of FDIC insurance limits. The amount of cash in excess of FDIC insurance limits amounted to approximately \$193,000 and \$230,000 for the years ended July 31, 2011 and 2010, respectively. Various local municipalities, individuals, businesses and trade contractors located in the greater San Francisco Bay Area, provide a majority of the Organizations revenue and support.

(g) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Actual results could differ from those results.

(h) Income taxes

The Organization is a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code. As such, the Organization has no provision for Federal income taxes in the accompanying financial statements. It is subject to federal and state income tax only on unrelated business income.

(i) Contributions

Under FASB Accounting Standards Codification (ASC) 958-605 (formerly SFAS No. 116, "Accounting for Contributions Received and Contributions Made,") whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. The Organization receives donated services and materials from a variety of corporations, organizations and individuals. These services and materials are directly used in rehabilitation projects of the Organization. In accordance with

REBUILDING TOGETHER SILICON VALLEY

Notes to Financial Statements

July 31, 2011 and 2010

(1) Summary of significant accounting policies - continued

(i) Contributions - continued

The FASB ASC standards, the Organization has included as in-kind donations and charged to the related expenses, the value of these donated services and materials. The significant components of these in-kind donations are approximately as follows:

	<u>2011</u>	<u>2010</u>
Contract labor (\$60 per hour)	\$ 53,000	\$ 47,000
Materials and other	25,000	50,000
Other expenses	51,000	78,000
Fixed assets	<u>31,000</u>	<u>4,000</u>
	<u>\$ 160,000</u>	<u>\$ 179,000</u>

In addition to the above-donated items, the Organization also receives donated services from a variety of unpaid volunteers in rehabilitating homes and facilities. The management of Rebuilding Together Silicon Valley estimates that for the years ended July 31, 2011 and 2010, they received approximately 19,400 (2011) and 21,600 (2010) hours of volunteer time for an estimated value of approximately \$414,000 (2011) and \$445,000 (2010). In compliance with ASC, the value of these donated services have not been recognized in the accompanying statements.

(j) Reclassifications

Certain amounts for 2010 have been reclassified to conform with 2011 classifications. Such reclassifications had no effect on reported net income.

(k) Investments

Investments are carried at fair value. Fair values are generally based upon quoted market prices.

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Notes to Financial Statements

July 31, 2011 and 2010

(2) Property and equipment

Property and equipment consist of:

<u>Unrestricted</u>	<u>2011</u>	<u>2010</u>
Computer equipment	\$ 32,016	\$ 27,860
Ramps/Lifts	121,952	101,869
Other equipment	10,815	3,495
Software	21,519	-
Less accumulated depreciation and amortization	<u>(71,042)</u>	<u>(43,524)</u>
	\$ <u>115,260</u>	\$ <u>89,700</u>

(3) Commitments

During the 2009 year, the Organization found a new facility to lease and the new lease agreement was signed as of January 20, 2009. This lease began February 1, 2009 and expires January 31, 2014.

Future annual minimum lease payments under the lease agreements are approximately as follows:

Year ending July 31:

2012	\$ 55,000
2013	57,000
2014	<u>29,000</u>
	\$ <u>141,000</u>

Rent expense for the years ended July 31, 2011 and 2010 amounted to approximately \$53,000 and \$52,000, respectively.

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Notes to Financial Statements

July 31, 2011 and 2010

(4) Investments

During fiscal year 2010, the Organization sold the investments in mutual funds realizing a gain of approximately \$8,100. The net funds were then used to purchase various individual stocks and other individual investments. The Organization had dividend and interest income for the year ended July 31, 2010 of approximately \$800. Net unrealized gains as of July 31, 2010 were approximately \$1,300. During fiscal year 2011, the Organization sold the investments in mutual funds realizing a gain of approximately \$2,400. The net funds were used to purchase various individual stocks and other individual investments. The Organization had dividend and interest income for the year ended July 31, 2011 of approximately \$1,000. Net unrealized gains as of July 31, 2011 were approximately \$2,700. All investments as of July 31, 2011 and 2010 were valued at fair market value utilizing the highest Level 1 measurement.

(5) Unrestricted net assets

For the year ending July 31, 2011, no changes were made to the \$40,000 of unrestricted net assets designated by the Organization's Board of Directors in the year ending July 31, 2008 for future general operating expenses and as a management planning tool. This Board designated amount is unrestricted as the designation may be reversed by the Board of Directors in the future, and the designation does not alter the nature of unrestricted net assets.

For the year ending July 31, 2011, no investments of unrestricted net assets were made. In the year ending July 31, 2008 the Organization's Board of Directors invested \$50,000 of its unrestricted net assets into an endowment investment fund account. The Board designated the principal amount of the investment as restricted to generate investment income from future growth of capital. Amounts of the Board designated principal may be withdrawn as needed with a 75% approval of the Board.

(6) Fair value of financial instruments\

The carrying amounts of financial instruments, including cash, certificates of deposit, accounts receivable, contribution and grant receivable, and accounts payable approximate their fair value due to the short term maturities of these instruments.

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Notes to Financial Statements

July 31, 2011 and 2010

(7) Subsequent events

Management has evaluated subsequent events through December 7, 2011, the date on which the financial statements were available to be issued.

Supplementary Information

(Unaudited)

REBUILDING TOGETHER SILICON VALLEY

Supplemental Schedule 1

City and Other Governmental Funding Sources

For the year ended July 31, 2011

<u>Funding Source</u>	<u>Grant/Contract Period</u>	<u>Total Grant/Contract</u>	<u>Recognized Support</u>	<u>Grant Disbursement</u>
City of San Jose:				
Community Development Block Grant Entitlement Program	7/1/10 - 6/30/12	303,268	303,268	303,268
County of Santa Clara:				
Community Development Block Grant Entitlement Program	7/1/10 - 6/30/11	45,000	45,000	45,000
City of Cupertino				
Community Development Block Grant Entitlement Program	7/1/10 - 6/30/11	56,400	56,400	56,400
Community Development Block Grant Entitlement Program	8/21/09-9/30/12	53,000	37,094	37,094
City of Campbell:				
Community Development Block Grant Entitlement Program	7/1/10 - 6/30/11	20,070	20,070	20,070
City of Morgan Hill:				
Community Development Block Grant Entitlement Program	7/1/10 - 6/30/11	2,500	2,500	2,500
City of Milpitas				
Community Development Block Grant Entitlement Program	7/1/10 - 6/30/11	40,000	40,000	40,000

Continued

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Supplemental Schedule 1

City and Other Governmental Funding Sources

For the year ended July 31, 2010

<u>Funding Source</u>	<u>Grant/Contract Period</u>	<u>Total Grant/Contract</u>	<u>Recognized Support</u>	<u>Grant Disbursement</u>
City of San Jose:				
Community Development Block Grant Entitlement Program	7/1/09 - 6/30/10	303,268	303,268	303,268
County of Santa Clara:				
Community Development Block Grant Entitlement Program	7/1/09 - 6/30/10	45,000	45,000	45,000
City of Cupertino				
Community Development Block Grant Entitlement Program	7/1/09 - 6/30/10	40,000	40,000	40,000
Community Development Block Grant Entitlement Program	8/21/09-9/30/12	53,000	-	-
City of Campbell:				
Community Development Block Grant Entitlement Program	7/1/09 - 6/30/10	20,070	20,070	20,070
City of Morgan Hill:				
Community Development Block Grant Entitlement Program	7/1/09 - 6/30/10	2,500	2,500	2,500
City of Milpitas				
Community Development Block Grant Entitlement Program	10/1/09 - 12/30/10	18,700	18,700	18,700
Community Development Block Grant Entitlement Program	7/1/09 - 6/30/10	24,444	24,444	24,444
Town of Los Gatos				
Community Development Block Grant Entitlement Program	7/1/09 - 6/30/10	5,000	5,000	5,000