

Rebuilding Together Silicon Valley
(A California Nonprofit Public Benefit Corporation)

AUDITED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

Year Ended July 31, 2018 with Comparative Totals
For the Year Ended July 31, 2017

REBUILDING TOGETHER SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

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Boman Accounting Group, Inc.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rebuilding Together Silicon Valley
(A California Nonprofit Public Benefit Corporation)
San Jose, California

Report on the Financial Statements

We have audited the accompanying financial statements of Rebuilding Together Silicon Valley (a California nonprofit public benefit corporation), which comprise the statement of financial position as of July 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rebuilding Together Silicon Valley, as of July 31, 2018 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.

Report on Summarized Comparative Information

We have previously audited the Rebuilding Together Silicon Valley 2017 financial statements, and our report dated December 1, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2018, on our consideration of Rebuilding Together Silicon Valley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rebuilding Together Silicon Valley's internal control over financial reporting and compliance.

Boman Accounting Group, Inc.
Campbell, California
November 27, 2018

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

July 31, 2018
(With Comparative Totals for 2017)

	2018	2017
ASSETS		
Current assets		
Cash and equivalents	\$ 841,100	\$ 682,821
Investments	358,850	338,795
Contribution and grant receivable	339,543	319,107
Prepaid expenses	12,090	14,673
Building supplies inventory	29,479	29,305
Total current assets	1,581,062	1,384,701
Fixed assets		
Property and equipment - net	23,750	14,102
Other assets		
Deposits	4,464	4,464
Total Assets	\$ 1,609,276	\$ 1,403,267
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 17,869	\$ 24,011
Accrued liabilities	81,510	61,646
Deferred rent	4,472	9,128
Deferred event revenue	27,383	16,075
Total current liabilities	131,234	110,860
Total liabilities	131,234	110,860
Net assets		
Unrestricted net assets	1,396,709	1,137,044
Temporarily restricted net assets	81,333	155,363
Total net assets	1,478,042	1,292,407
Total Liabilities and Net Assets	\$ 1,609,276	\$ 1,403,267

The accompanying notes are an integral part of these financial statements

REBUILDING TOGETHER SILICON VALLEY
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF ACTIVITIES

Year Ended July 31, 2018
(With Comparative Totals for 2017)

	Year Ended July 31, 2018			Year Ended July 31, 2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support						
Contributions and net revenue						
Sponsorship	\$ 465,109	\$ 68,000	\$ 533,109	\$ 277,125	\$ 54,250	\$ 331,375
Government grants	1,836,821		1,836,821	1,277,794		1,277,794
In-kind donations	222,945		222,945	138,958		138,958
Contributions	280,861	20,000	300,861	246,466	135,000	381,466
Special event (net of direct expenses of \$63,663 and \$54,113)	29,054		29,054	27,112		27,112
Investment income	23,070		23,070	33,784		33,784
Gain on disposal of assets	-		-	1,328		1,328
Other Income	597		597	37		37
	2,858,457	88,000	2,946,457	2,002,604	189,250	2,191,854
Net assets released from restriction	162,029	(162,029)	-	93,637	(93,637)	-
Total revenues, gains and other support	3,020,486	(74,029)	2,946,457	2,096,241	95,613	2,191,854
Expenses						
Program Services	2,505,624		2,505,624	1,618,298		1,618,298
Supporting Services:						
Management and general	127,737		127,737	75,635		75,635
Fundraising	127,460		127,460	133,710		133,710
Total expenses	2,760,821	-	2,760,821	1,827,643	-	1,827,643
Change in net assets	259,665	(74,029)	185,636	268,598	95,613	364,211
Net assets at beginning of year	1,137,044	155,363	1,292,407	868,446	59,750	928,196
Net assets at end of year	\$ 1,396,709	\$ 81,333	\$ 1,478,043	\$ 1,137,044	\$ 155,363	\$ 1,292,407

The accompanying notes are an integral part of these financial statements

REBUILDING TOGETHER SILICON VALLEY
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended July 31, 2018

	Program Services	Supporting Services			2018 Total Expenses
	Home and Facility Repairs	Management and General	Fundraising	Total	
Expenses:					
Salaries and wages	\$ 608,530	79,715	89,962	\$ 169,677	\$ 778,207
Payroll taxes and benefits	107,706	9,375	15,831	25,206	132,912
Total salaries and related expenses	716,236	89,090	105,793	194,883	911,119
Program materials & supplies	1,425,230	-	-	-	1,425,230
In-kind materials	60,863	-	-	-	60,863
In-kind labor	89,029	-	-	-	89,029
Equipment rental & purchase	10,348	-	-	-	10,348
Volunteer program	36,082	-	-	-	36,082
Rent & facility expenses	65,524	3,640	3,640	7,280	72,804
Insurance	21,843	2,493	956	3,449	25,292
Office, printing & related costs	17,330	10,842	5,400	16,242	33,572
Fundraising & marketing	7,394	-	4,039	4,039	11,433
Professional fees	15,904	18,688	7,432	26,120	42,024
Training	946	350	200	550	1,496
Travel	27,820	-	-	-	27,820
Miscellaneous	-	2,634	-	2,634	2,634
Total expenses before depreciation	2,494,549	127,737	127,460	255,197	2,749,746
Depreciation & amortization	11,075	-	-	-	11,075
Total expenses	\$ 2,505,624	\$ 127,737	\$ 127,460	\$ 255,197	\$ 2,760,821
Percentage of total	90.76%	4.63%	4.62%	9.24%	100.00%

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REBUILDING TOGETHER SILICON VALLEY
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended July 31, 2017

	Program Services	Supporting Services			
	Home and Facility Repairs	Management and General	Fundraising	Total	2017 Total Expenses
Expenses:					
Salaries and wages	\$ 419,196	37,091	100,140	\$ 137,231	\$ 556,427
Payroll taxes and benefits	69,837	5,430	15,079	20,509	90,346
 Total salaries and related expenses	 489,033	 42,521	 115,219	 157,740	 646,773
 Program materials & supplies	 873,235	 -	 -	 -	 873,235
In-kind materials	9,263	-	-	-	9,263
In-kind labor	63,130	-	-	-	63,130
Equipment rental & purchase	4,849	-	-	-	4,849
Volunteer program	27,756	-	-	-	27,756
Rent & facility expenses	65,777	3,654	3,654	7,308	73,085
Insurance	18,395	2,126	784	2,910	21,305
Office, printing & related costs	17,852	9,312	2,705	12,017	29,869
Fundraising & marketing	1,796	-	4,804	4,804	6,600
Professional fees	13,937	17,302	6,244	23,546	37,483
Training	2,545	720	300	1,020	3,565
Travel	20,139	-	-	-	20,139
Miscellaneous	840	-	-	-	840
 Total expenses before depreciation	 1,608,547	 75,635	 133,710	 209,345	 1,817,892
 Depreciation & amortization	 9,751	 -	 -	 -	 9,751
 Total expenses	 \$ <u>1,618,298</u>	 \$ <u>75,635</u>	 \$ <u>133,710</u>	 \$ <u>209,345</u>	 \$ <u>1,827,643</u>
 Percentage of total	 88.55%	 4.14%	 7.32%	 11.45%	 100.00%

The accompanying notes are an integral part of these financial statements

REBUILDING TOGETHER SILICON VALLEY
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENT OF CASH FLOWS

Year Ended July 31, 2018
(With Comparative Totals for 2017)

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 185,636	\$ 364,211
Noncash items included in revenues and expenses:		
Depreciation and amortization	11,075	14,102
Loss on disposal of fixed assets	-	3,172
Contribution of donated stock	(23,884)	
Net realized and unrealized (gains) losses on investments	(17,598)	(31,497)
Increase (decrease) in cash resulting from changes in:		
Contribution and grants receivable	(20,436)	(70,165)
Building supplies inventory	(174)	(5,917)
Prepaid expenses	2,584	441
Accounts payable	(6,142)	2,811
Deferred rent	(4,656)	(2,956)
Deferred support, restricted	11,308	(3,095)
Accrued liabilities	19,865	2,329
Net cash provided by (used in) operating activities	157,578	273,436
 Cash flows from investing activities:		
Purchase/sale of investments	17,942	-
Investment expenses	3,485	3,265
Purchase of property and equipment	(20,723)	(4,175)
Net cash provided by (used in) investing activities	704	(910)
 Cash flows from financing activities:		
Net cash provided by (used in) financing activities	-	-
Net change in cash and cash equivalents	158,282	272,526
Beginning cash and cash equivalents	682,821	410,295
Ending cash and cash equivalents	\$ 841,100	\$ 682,821
 Supplemental disclosure of cash flow information		
Interest paid	\$ -	\$ -

The accompanying notes are an integral part of these statements

REBUILDING TOGETHER SILICON VALLEY
(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

Repairing homes, revitalizing communities, rebuilding lives is the mission of Rebuilding Together Silicon Valley. Since 1991, the organization has transformed the lives of our neighbors in need by improving the safety and health of their homes and revitalizing our community. The organization provides facility repairs and maintenance activities for nonprofit organizations, to allow them to focus on serving clients rather than paying for repairs.

Annually, more than 2,000 volunteers gather to complete safety repairs and accessibility modifications and improvements to preserve affordable homeownership and restore safe living environments. All work is provided at no cost to the owner, with materials provided through donations and funds from area government, businesses, organizations, faith communities and private individuals. Since inception, over 37,280 local volunteers have repaired and transformed over 4,160 homes and non-profit community facilities in the Silicon Valley community.

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 restricted 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. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles.

REBUILDING TOGETHER SILICON VALLEY
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NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended July 31, 2017 from which the summarized information was derived.

5. 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.

6. 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.

7. Contribution and Grant Receivable

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

8. Inventory

Building supplies inventory consists of materials purchased and received for repair and rebuilding projects, not for resale, and is stated at the lower of cost or market.

9. Property and Equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over \$2,000 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 5 years. Depreciation is charged to the activity benefiting from the use of the property or equipment. Leasehold improvements are amortized over the remaining lease term.

10. Accrued Vacation

Accrued vacation represents vacation earned but not taken as of July 31, 2018 and 2017 and is included in "accrued liabilities" in the statement of financial position. The accrued vacation balances as of July 31, 2018 and 2017 were \$44,512 and \$37,190, respectively.

REBUILDING TOGETHER SILICON VALLEY
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NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. Revenue Recognition

Contributions are recognized when the donor makes a promise to the Organization that is, in substance, unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

12. Contributions In-Kind

The Organization records donated equipment and other donated goods at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered.

13. Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect functional expenses are allocated to program and supporting services based on an analysis of personnel time and space utilized.

14. Income Taxes

Rebuilding Together Silicon Valley 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 the

REBUILDING TOGETHER SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 July 31, 2017, 2016, and 2015 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 July 31, 2017, 2016, 2015, and 2014 could be subject to examination by state taxing authorities, generally for four years after they are filed.

15. Advertising

The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expenses for the year ended July 31, 2018 was \$-0-.

16. Subsequent Events

Management of the Organization has evaluated events and transactions subsequent to July 31, 2018 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 July 31, 2018. Subsequent events have been evaluated through November 27, 2018, the date the financial statements became available to be issued.

17. Fair Value Measurements

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 active markets, quoted prices for identical or 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, 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.

REBUILDING TOGETHER SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE B — INVESTMENTS

The Organization maintains an investment account at Morgan Stanley, 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 investment income in the statement of activities.

NOTE C — FAIR VALUE MEASUREMENTS

The table below presents the assets measured at fair value at July 31, 2018 and 2017 on a recurring basis.

	2018	2017
Investments, Level 1		
Equity securities	\$ 358,850	\$ 338,795
Total assets measured at fair value	\$ 358,850	\$ 338,795

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

NOTE D — PROPERTY AND EQUIPMENT, NET

The cost and related accumulated depreciation of the property and equipment consisted of the following as of:

	2018	2017
Equipment	\$ 78,695	\$ 67,079
Ramps/Lifts	-	3,782
Software	5,723	21,519
Leasehold Improvements	22,142	22,142
	106,560	114,522
Less Accumulated Depreciation	(82,810)	(100,419)
Net Property and Equipment	\$ 23,750	\$ 14,102

Depreciation expense for the years ended July 31, 2018 and 2017 were \$11,075 and \$9,751, respectively.

REBUILDING TOGETHER SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE E — TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of July 31, 2018 and 2017 consisted of:

	2018	2017
Program:		
Fall Rebuilding Projects	\$ 68,000	\$ 54,250
Safe and Healthy Housing	13,333	13,334
San Jose Flood Relief	-	72,779
New Van	-	15,000
Total Temporarily Restricted Net Assets	\$ 81,333	\$ 155,363

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. The Organization has not experienced any losses on its cash and cash equivalents.

NOTE G — DONATED SERVICES AND MATERIALS

1. The Organization received donated services from a variety of unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the services do not require specialized skills. During the year ended July 31, 2018, these volunteers donated approximately 22,601 hours with an estimated value of \$657,463. This value was computed using an hourly rate of \$29.09. This amount is based upon the average hourly earnings of volunteer time as determined by the Independent Sector.
2. The Organization also received donated services and material which were recorded at market value as follows:

	2018
Donated items for fundraising event	\$ 47,095
Donated materials and equipment	77,796
Donated labor (professional)	98,054
Total	\$ 222,945

REBUILDING TOGETHER SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

NOTE H — COMMITMENT, RELATED PARTY

The Organization is an affiliate of Rebuilding Together. Under the Affiliate Partnership Agreement, Rebuilding Together Silicon Valley is required to contribute an established percentage of its annual monetary income each year to the national organization as a dues for affiliation. The dues fee for the year ended July 31, 2018 was \$12,500.

NOTE I — OPERATING LEASE

The Organization leases commercial space for operations and storage use. The lease began February 1, 2009 and expired January 31, 2014. On January 10, 2014 the organization moved and entered a new lease, term beginning February 1, 2014 and ending April 30, 2019 with an option to extend for an additional 60 months available when the term expires. The difference between the rent expense and the rent payments is reported as deferred rent on the statement of financial position. The amount of deferred rent for the year ended July 31, 2018, was \$4,472.

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

Year ending July 31:

2019	44,779
	<u>44,779</u>
	\$ <u>44,779</u>

NOTE J — RETIREMENT PLAN

The Organization has a 403(b) profit sharing plan that covers all eligible employees. Each participant may elect to contribute up to the maximum limit by federal law. The Organization made no contributions to the plan.

REBUILDING TOGETHER SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended July 31, 2018

Federal Grantor Pass-Through Grantor Program Title/Grant Number	Federal CFDA #	Federal Expenditures
<u>MAJOR PROGRAMS</u>		
Department of Housing and Urban Development		
City of San Jose		
Rebuilding Housing Repair 7/1/2017–6/30/2018	14.218	\$ 1,106,590
Rebuilding Housing Repair 7/1/2018 – 6/30/2019	14.218	90,103
County of Santa Clara		
Rebuilding Housing Repair 7/1/2017 – 6/30/2018	14.218	250,347
Rebuilding Housing Repair 7/1/2018 – 6/30/2019	14.218	15,559
City of Cupertino		
Rebuilding Housing Repair & Rehabilitation Program 7/1/2017 – 6/30/2018	14.218	44,351
Rebuilding Housing Repair & Rehabilitation Program 7/1/2018 – 6/30/2019	14.218	929
City of Milpitas		
Rebuilding Housing Repair 7/1/2017 – 6/30/2018	14.218	86,218
Rebuilding Housing Repair 7/1/2018 – 6/30/2019	14.218	10,728
City of Gilroy		
Rebuilding Housing Repair 7/1/2017 – 6/30/2018	14.218	120,000
Rebuilding Housing Repair 7/1/2018 – 6/30/2019	14.218	5,397
Total Department of Housing and Urban Development		1,730,222
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 1,730,222

See accompanying notes to schedule of expenditures of federal awards

REBUILDING TOGETHER SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Rebuilding Together Silicon Valley under programs of the federal government for the year ended July 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.C. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Rebuilding Together Silicon Valley, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Rebuilding Together Silicon Valley.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for nonprofit organizations, wherein certain types of expenditures are not allowable or are limited as in reimbursement.

NOTE C – INDIRECT COST RATE

Rebuilding Together Silicon Valley has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



Boman Accounting Group, Inc.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Rebuilding Together Silicon Valley
(A California Nonprofit Public Benefit Corporation)
San Jose, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Rebuilding Together Silicon Valley (a California Nonprofit Public Benefit Corporation), which comprise the statement of financial position as of July 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 27, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rebuilding Together Silicon Valley's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rebuilding Together Silicon Valley's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rebuilding Together Silicon Valley's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Rebuilding Together Silicon Valley in a separate letter dated November 27, 2018.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Boman Accounting Group, Inc.
Campbell, California
November 27, 2018



Boman Accounting Group, Inc.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Rebuilding Together Silicon Valley
(A California Nonprofit Public Benefit Corporation)
San Jose, California

Report on Compliance for Each Major Federal Program

We have audited Rebuilding Together Silicon Valley's (A California Nonprofit Public Benefit Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Rebuilding Together Silicon Valley's major federal programs for the year ended July 31, 2018. Rebuilding Together Silicon Valley's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Rebuilding Together Silicon Valley's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rebuilding Together Silicon Valley's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Rebuilding Together Silicon Valley's compliance.

Opinion on Each Major Federal Program

In our opinion, Rebuilding Together Silicon Valley complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended July 31, 2018.

Report on Internal Control over Compliance

Management of Rebuilding Together Silicon Valley is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rebuilding Together Silicon Valley's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rebuilding Together Silicon Valley's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Boman Accounting Group, Inc.
Campbell, California
November 27, 2018

REBUILDING TOGETHER SILICON VALLEY
(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JULY 31, 2018

Section I
Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
- Material weaknesses identified?	None
- Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	None

Federal Awards

Internal control over major programs:	
- Material weaknesses identified?	None
- Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	None
Identification of major programs:	
Community Development Block Grant	
Housing Repair and Rehabilitation	CFDA 14.218
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II
Financial Statement Findings

No matters were reported.

Section III
Financial Award Findings and Questioned Costs

No matters were reported.