

# **Rebuilding Together Oakland**

**d.b.a. Rebuilding Together Oakland / East Bay**

Financial Statements &  
Independent Auditor's Report  
for the Year Ended  
June 30, 2016

**COOK &  
COMPANY**

A PROFESSIONAL ACCOUNTANCY CORPORATION

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# COOK & COMPANY

A PROFESSIONAL ACCOUNTANCY CORPORATION

## Independent Auditor's Report

To the Board of Directors  
Rebuilding Together Oakland  
Oakland, California

We have audited the accompanying financial statements of Rebuilding Together Oakland, d.b.a. Rebuilding Together Oakland / East Bay (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, the related statements of activities and changes in net assets, 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. 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 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 an assessment of the risks of the 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 Oakland, d.b.a. Rebuilding Together Oakland / East Bay, as of June 30, 2016, 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.

### *Report on Summarized Comparative Information*

We have previously audited the June 30, 2015, financial statements of Rebuilding Together Oakland, d.b.a. Rebuilding Together Oakland / East Bay and our report dated December 16, 2016, 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 June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



A Professional Accountancy Corporation  
April 14, 2017

870 Market Street, Suite 880 San Francisco, CA 94102

Toll Free: (855) 676-2727 Fax: (855) 568-8895

[www.cookandcompanycpa.com](http://www.cookandcompanycpa.com)

**Rebuilding Together Oakland**  
**d.b.a. Rebuilding Together Oakland / East Bay**

**Statement of Financial Position**  
**June 30, 2016**  
**with Comparative Totals for June 30, 2015**

	<u>6/30/16</u>	<u>6/30/15</u> <u>(Note 2)</u>
ASSETS		
Current Assets:		
Cash & equivalents	\$ 128,202	\$ 88,227
Grants receivable	29,929	70,963
Other receivables	-	3,770
Prepaid expenses	10,528	7,286
Total current assets	168,659	170,246
Deposits	3,939	4,699
Property & equipment, net (Note 3)	19,667	26,308
TOTAL ASSETS	\$ 192,265	\$ 201,253
LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 4,366	\$ 863
Deferred revenue	-	18,500
Accrued vacation pay	10,497	10,548
TOTAL LIABILITIES	14,863	29,911
Net Assets		
Unrestricted	177,402	171,342
Temporarily restricted	-	-
TOTAL NET ASSETS	177,402	171,342
TOTAL LIABILITIES & NET ASSETS	\$ 192,265	\$ 201,253

See accompanying notes to financial statements  
and independent auditor's report.

**Rebuilding Together Oakland**  
**d.b.a. Rebuilding Together Oakland / East Bay**

**Statement of Activities and Changes in Net Assets**  
**for the Year Ended June 30, 2016**  
**with Comparative Totals for the Year Ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>6/30/16 Total</u>	<u>6/30/15 Total (Note 2)</u>
Support & Revenue:				
Government grants	\$ 348,030	\$ -	\$ 348,030	\$ 341,032
Other grants	30,500		30,500	65,500
Donations	237,788		237,788	286,123
In-kind support (Note 2)	326,588		326,588	366,878
Special event, net of direct donor benefits of \$9,376 in 2016 & \$5,627 in 2015	53,733		53,733	36,651
Program fees	31,700		31,700	78,500
Other income	8,489		8,489	9,044
Total support & revenue	1,036,828	-	1,036,828	1,183,728
Expenses:				
Program services	832,341		832,341	768,326
General & administrative	99,037		99,037	158,251
Fundraising	99,390		99,390	62,321
Total expenses	1,030,768	-	1,030,768	988,898
CHANGE IN NET ASSETS	6,060	-	6,060	194,830
NET ASSETS, July 1	171,342	-	171,342	(23,488)
NET ASSETS, June 30	<u>\$ 177,402</u>	<u>\$ -</u>	<u>\$ 177,402</u>	<u>\$ 171,342</u>

See accompanying notes to financial statements  
and independent auditor's report.

**Rebuilding Together Oakland**  
**d.b.a. Rebuilding Together Oakland / East Bay**

**Statement of Functional Expenses**  
**for the Year Ended June 30, 2016**  
**with Comparative Totals for the Year ended June 30, 2015**

	<b>Program Services</b>	<b>General &amp; Administrative</b>	<b>Fundraising</b>	<b>6/30/16 Total</b>	<b>6/30/15 Total (Note 2)</b>
Salaries	\$ 159,400	\$ 44,913	\$ 38,795	\$ 243,108	\$ 279,324
Payroll taxes	14,349	3,913	3,479	21,741	23,427
Benefits	19,300	5,438	4,697	29,435	38,542
Contributed services & related project materials (Note 2)	316,490			316,490	366,078
Fees for services	60,000	5,990	34	66,024	16,129
Purchased materials	141,048			141,048	104,055
Volunteer supplies & expenses	33,637	396	263	34,296	24,581
Office expenses	17,750	3,148	8,658	29,556	26,666
Advertising & promotion		5,825		5,825	1,800
Equipment expense	7,237	140	121	7,498	8,328
Occupancy	38,371	11,535	3,872	53,778	46,983
Dues & subscriptions	5,863	1,652	1,427	8,942	10,809
Travel	2,639	527	548	3,714	5,663
Special event production		257	32,856	33,113	6,543
Insurance	9,041	2,547	2,200	13,788	16,368
Depreciation	4,620	1,302	1,124	7,046	5,378
Miscellaneous	2,596	11,454	1,316	15,366	8,224
<b>Total expenses</b>	<b>\$ 832,341</b>	<b>\$ 99,037</b>	<b>\$ 99,390</b>	<b>\$ 1,030,768</b>	<b>\$ 988,898</b>

See accompanying notes to financial statements  
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**Rebuilding Together Oakland**  
**d.b.a. Rebuilding Together Oakland / East Bay**

**Statement of Cash Flows**  
**for the Year Ended June 30, 2016**  
**with Comparative Totals for the Year Ended June 30, 2015**

	<u>6/30/16</u>	<u>6/30/15</u> <u>(Note 2)</u>
<i>Cash flows from operating activities:</i>		
Change in net assets	\$ 6,060	\$ 194,830
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	7,046	5,378
Conversion of loan to donation	-	(20,000)
Changes in assets and liabilities:		
(Increase) decrease in grants receivable	41,034	(54,913)
(Increase) decrease in other receivables	3,770	3,309
(Increase) decrease in prepaid expenses & deposits	(2,482)	170
Increase (decrease) in accounts payable	3,503	(63,199)
Increase (decrease) in deferred revenue	(18,500)	18,500
Increase (decrease) in accrued vacation pay	(51)	2,977
	40,380	87,052
<b>Cash provided (used) by operating activities:</b>	<b>40,380</b>	<b>87,052</b>
<i>Cash flows from investing activities:</i>		
Purchase of fixed assets	(405)	(28,789)
<b>Cash provided (used) by investing activities:</b>	<b>(405)</b>	<b>(28,789)</b>
<i>Cash flows from financing activities:</i>		
Proceeds from short-term related party loans	-	43,500
Repayment of short-term related party loans	-	(23,500)
<b>Cash provided (used) by financing activities:</b>	<b>-</b>	<b>20,000</b>
<b>Cash provided (used) during year</b>	<b>39,975</b>	<b>78,263</b>
Cash & cash equivalents:		
<b>Beginning of year, July 1</b>	<b>88,227</b>	<b>9,964</b>
<b>End of year, June 30</b>	<b>\$ 128,202</b>	<b>\$ 88,227</b>

See accompanying notes to financial statements  
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**Rebuilding Together Oakland**  
**d.b.a. Rebuilding Together Oakland / East Bay**

**Notes to Financial Statements**  
**for the Year Ended June 30, 2016**

**1. The Organization**

Rebuilding Together Oakland, d.b.a. Rebuilding Together Oakland / East Bay (RTO or the Organization) is an Oakland-based nonprofit organization, and local affiliate of Rebuilding Together, whose mission is to build East Bay community partnerships to rejuvenate neighborhoods through the rehabilitation of homes owned by low-income homeowners and non-profit facilities that serve low-income communities. The work of volunteers ensures the safety, comfort and independence of low-income homeowners, particularly the elderly and disabled, and that communities in need have safe and pleasant facilities where they can learn, play and come together.

Rebuilding Together Oakland is an independent nonprofit organization exempt from income taxes under Internal Revenue Code Section 501(c)(3) and section 23701(d) of the California Revenue and Taxation Code. The Organization is governed by a board of directors.

Funding

Major funding is received from foundations, businesses, individuals, and local government.

**2. Summary of Significant Accounting Policies**

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, support is recognized when it is awarded, revenue is recognized when it is earned and expenses are recognized when they are incurred.

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

**Unrestricted net assets**, which includes resources not subject to donor-imposed restrictions.

**Temporarily restricted net assets**, which includes resources subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. The Organization does not currently have any temporarily restricted net assets.

**Permanently restricted net assets**, which includes resources subject to donor-imposed restrictions that they be maintained permanently by the Organization. The Organization does not currently have any permanently restricted net assets.

Accounting for Restricted Support

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.

(continued)



**Rebuilding Together Oakland**  
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**Notes to Financial Statements**  
**for the Year Ended June 30, 2016**

(continued)

If restricted donations are made and restrictions satisfied during the same fiscal year, activity is reported as unrestricted in the statement of activity. If restrictions are not satisfied at fiscal-year-end, donations are recorded as temporarily restricted. Gifts of fixed assets are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Cash and Cash Equivalents

Cash and cash equivalents consist of funds held in bank checking accounts.

Grants Receivable

Grants receivable represent amounts due from local government agencies. All amounts are deemed fully collectible within one year of the balance sheet date.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value because of the short maturity of these instruments.

Property & Equipment

RTO has a policy to capitalize fixed assets with an initial cost in excess of \$750. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets (up to 5 years for fixed assets currently on the books).

In-kind Support

In-kind contributions of supplies are reflected in the financial statements at their estimated fair market value as of the date of receipt.

Contributed services are recorded only if a) they create or enhance the Organization's nonfinancial assets or b) they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Services requiring specialized skills, provided by carpenters and other trades persons during the course of home rehabilitation projects, are recorded at their estimated fair market value of \$60 per hour. The Organization has developed an accounting methodology to estimate the number of hours provided based on the number of volunteers enlisted for each home rehabilitation project. A valuation is then calculated, and recorded in the financial statements, based on the total estimated hours multiplied by the hourly rate of \$60. These services, and the related materials, comprise the vast majority of the amount recognized as in-kind support in the statement of activity.

Due to the fact that certain assumptions must be made when calculating and recording estimates, it is at least reasonably possible that the actual value of services received differs significantly from the amount recorded in the financial statements.

The Organization also uses non-specialized volunteers in its home rehabilitation activities. Although RTO relies on these services in carrying out its mission, these amounts are not recorded in the accompanying financial statements because they do not meet the criteria outlined above.

(continued)

**Rebuilding Together Oakland**  
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**Notes to Financial Statements**  
**for the Year Ended June 30, 2016**

(continued)

Functional Expenses

Expenses are allocated on a functional basis among the Organization's program and support services. Expenses that can be identified with a specific activity or support service are allocated directly. Expenses that are common to several functions are allocated based on formulas developed by management.

Income Taxes

As a public charity organized under Internal Revenue Code Section 501(c)(3), the Organization is exempt from income taxes, except on activities unrelated to its mission. As management believes that all of the Organization's revenue is exempt from federal and state income tax, no provision has been made for income tax expense. The Organization's federal *Return of Organization Exempt from Income Tax* (Form 990) filings for the tax years ending in 2014 through 2016 are subject to examination by the Internal Revenue Service, generally for three years after they were filed. The Organization's California *Exempt Organization Annual Information Return* (Form 199) filings for the tax years ending in 2013 through 2016 are subject to examination by the Franchise Tax Board, generally for four years after they were filed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**3. Property & Equipment**

Vehicle	\$28,015
Office equipment & furnishings	20,874
Leasehold improvements	<u>775</u>
Total cost	49,664
Less: accumulated depreciation	<u>(29,997)</u>
Net book value	\$19,667

**4. Operating Leases**

During the year ended June 30, 2016, the Organization rented its Oakland facility under a five-year operating lease that expired in February 2016 and continued on a month-to-month basis. The rent in effect at June 30, 2016, was \$5,413 per month.

**6. Retirement Plan**

The Organization maintains a 401(k) retirement plan for its employees. Under the provisions of the plan, employees have the option to make contributions of salary deferrals to their personal retirement accounts. In addition, the Organization's board of directors has the option to make discretionary contributions to eligible employee accounts in a pro rata manner. Employees who are at least 21 years of age are generally eligible for employer discretionary contributions after completing one year of service. No employer discretionary contributions were made during the year ended June 30, 2016.

**Rebuilding Together Oakland**  
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**Notes to Financial Statements**  
**for the Year Ended June 30, 2016**

**7. Contingencies**

Satisfaction of Donor Requirements

The Organization receives grants that are restricted for a specific program or purpose. If such restrictions are not met in accordance with the funding source agreement, there is the possibility that funds would have to be returned to the grantor. It is management's opinion that all donor conditions have been met for grants that have been released from temporarily restricted net assets or recorded directly to unrestricted net assets.

Concentration of Revenue & Support

Grants from local government agencies constitute approximately one-third of total revenue and support. Should funding from these sources change, RTO may be required to reduce its level of services.

**8. Subsequent Events – Preparation of Financial Statements**

In preparing these financial statements, management has evaluated events for potential recognition or disclosure through April 14, 2017, the date the financial statements were available to be issued.