

**HomeAid America, Inc.**

**Financial Statements**

**Years Ended December 31, 2010 and 2009**

**Stafford and Warren, LLP**

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**stafford & warren**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Director's of  
HomeAid America, Inc.

We have audited the accompanying statements of financial position of HomeAid America, Inc. (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of activities, statements of cash flows, and statements of functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 HomeAid America, Inc. as of December 31, 2010 and 2009, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Stafford & Warren, LLP  
May 16, 2011

HOMEAID AMERICA, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash (Note 1)	\$ 248,580	\$ 232,486
Accounts receivable	2,403	595
Prepays and deposits	37,134	11,772
Property and equipment, net (Note 2)	<u>4,942</u>	<u>8,645</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 293,059</u></u>	<u><u>\$ 253,498</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 13,026	\$ 1,184
Other accrued expenses (Note 3 and 6)	72,720	47,695
Due to others (Note 4)	<u>130,300</u>	<u>55,000</u>
<b>TOTAL LIABILITIES</b>	<u>216,046</u>	<u>103,879</u>
<b>NET ASSETS</b>		
Unrestricted	<u>77,013</u>	<u>149,619</u>
<b>TOTAL NET ASSETS</b>	<u>77,013</u>	<u>149,619</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 293,059</u></u>	<u><u>\$ 253,498</u></u>

HOMEAID AMERICA, INC.  
 STATEMENTS OF ACTIVITIES  
 December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS		
Support and revenue		
Contributions (Note 1)	\$ 566,208	\$ 646,872
In-kind contributions (Note 1)	49,476	25,688
Chapter fees and reimbursements (Note 1)	54,221	33,276
Reimbursed insurance (Note 1)	48,889	48,914
Investment and other income	27,103	223
Fundraising events	17,025	15,163
Loss on disposition of fixed assets	-	(47,155)
	<u>762,922</u>	<u>722,981</u>
TOTAL SUPPORT AND REVENUE	762,922	722,981
EXPENSES		
Program	699,350	711,820
Management and general	72,312	104,934
Fundraising	63,866	63,637
	<u>835,528</u>	<u>880,391</u>
TOTAL EXPENSES	835,528	880,391
DECREASE IN UNRESTRICTED NET ASSETS	(72,606)	(157,410)
NET ASSETS, BEGINNING OF YEAR	<u>149,619</u>	<u>307,029</u>
NET ASSETS, END OF YEAR	<u>\$ 77,013</u>	<u>\$ 149,619</u>

HOMEAID AMERICA, INC.  
STATEMENTS OF CASH FLOWS  
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS (TO) FROM OPERATING ACTIVITIES:</b>		
Decrease in net assets	\$ (72,606)	\$ (157,410)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,764	8,065
Loss on disposition of assets	-	47,155
(Increase) decrease in accounts receivable	(1,808)	(401)
(Increase) decrease in deposits and prepaids	(25,362)	4,160
Increase (decrease) in accounts payable	11,842	(3,108)
Increase (decrease) in other accrued expenses	25,025	10,857
Increase (decrease) in due to others	<u>75,300</u>	<u>2,500</u>
 NET CASH FLOWS TO OPERATING ACTIVITIES	 17,155	 (88,182)
 <b>CASH FLOWS (TO) FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(1,061)	-
Proceeds from sale of fixed assets	-	1,250
 NET CASH FLOWS (TO) FROM INVESTING ACTIVITIES	 (1,061)	 1,250
 NET (DECREASE) IN CASH	 16,094	 (86,932)
 CASH, Beginning of year	 <u>232,486</u>	 <u>319,418</u>
 CASH, End of year	 <u>\$ 248,580</u>	 <u>\$ 232,486</u>
 <b>Supplemental Disclosure of Noncash Activities</b>		
Donated materials and services	<u>\$ 49,476</u>	<u>\$ 25,688</u>

HOMEAID AMERICA, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 December 31, 2010 and 2009

	Communications	Program Development and Support	Management and Administrative	Fundraising	2010 Total	2009 Total
Accounting/legal fees	873	5,458	980	1,189	8,500	51,108
Bank fees	-	-	1,058	-	1,058	2,572
Events/Programs/Conferences	-	3,234	-	-	3,234	7,041
Computer expense	-	-	30	-	30	45
Consultants/Independent Contractors	-	17,923	-	-	17,923	34,680
Delivery/shipping expense	-	-	-	23	23	(9)
Depreciation	-	-	4,764	-	4,764	8,065
Design Fees	11,000	25	-	-	11,025	6,000
Equipment purchases	-	-	478	-	478	447
Equipment leases	971	14,223	2,554	3,098	20,846	19,515
Repairs/maintenance	-	-	3,535	-	3,535	3,350
In-kind services and materials	9,014	28,957	5,199	6,306	49,476	25,688
Insurance - National office	-	-	4,199	-	4,199	-
Interest	-	-	1,188	-	1,188	-
Meals/entertainment	-	125	55	82	262	248
Meetings/Conferences	-	5,484	2,760	147	8,391	2,394
Membership/subscriptions	-	1,420	1,582	325	3,327	4,137
Office expense	-	-	1,538	-	1,538	7,802
Office supplies	-	-	1,118	-	1,118	1,533
Other expense	-	-	-	-	-	211
Postage	6	39	74	139	258	226
Printing	28	150	-	1,181	1,359	-
Public Relations	3,070	-	-	-	3,070	341
Chapter/Donor/Volunteer Recognition	-	-	-	110	110	209
Rent	479	7,017	1,260	1,528	10,284	78,482
Salaries and related costs	14,750	215,957	38,773	47,033	316,513	300,681
Chapter grants & Designated Funding	-	268,710	-	-	268,710	190,224
Chapter Ins-Liab/D&O/Special Events	-	68,863	-	-	68,863	106,406
Telecommunications/Internet	444	6,499	1,167	1,415	9,525	9,003
Trade shows	6,404	-	-	-	6,404	8,724
Travel	-	4,361	-	1,290	5,651	6,789
Website Development/Maintenance	3,866	-	-	-	3,866	4,479
Totals	\$ 50,905	\$ 648,445	\$ 72,312	\$ 63,866	\$ 835,528	\$ 880,391

**HOMEAID AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010 and 2009**

**NOTE 1- NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING  
POLICES**

Nature of Activities

HomeAid America, Inc. (the Organization) is a 501(c) (3) charitable, non-profit corporation, which was incorporated in July 1995. HomeAid America's mission is to build dignified housing where homeless families and individuals can rebuild their lives. HomeAid America works with affiliate organizations such as the National Association of Home Builders and Building Industry Associations to establish HomeAid chapters across the nation.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

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.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is unconditional. Donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated materials and services

During the years ended December 31, 2010 and 2009, the value of contributed materials meeting the requirements for recognition in the financial statements was \$0 and

**HOMEAID AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010 and 2009**

**NOTE 1- NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING  
POLICES, (CON'T)**

Donated materials and services, (Cont)

\$1,800, respectively. Donated services meeting the requirements for recognition were \$49,476 and \$23,888 for years ending December 31, 2010 and 2009, respectively.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Restricted Support

The Organization records restricted support and revenues as unrestricted if the restrictions are met in the current reporting period.

Revenue and Reimbursed Insurance

The Organization charges charter and license fees to affiliated HomeAid chapters. In addition, the Organization purchases a liability insurance policy covering HomeAid building projects and special events. The Organization is reimbursed by the chapters for the cost of the insurance.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Acquisitions of property and equipment are carried at cost and depreciated using the straight-line method over their useful lives of 5 to 7 years.

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c) (3) and applicable California law and regulations.

**HOMEAID AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010 and 2009**

**NOTE 2-PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Office equipment	\$ 36,405	\$ 38,001
Furniture and fixtures	17,798	16,738
	<u>54,203</u>	<u>54,739</u>
Less: Accumulated depreciation	49,261	46,094
	<u>\$ 4,942</u>	<u>\$ 8,645</u>

**NOTE 3- OTHER ACCRUED EXPENSES**

The following is a summary of other accrued expenses at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Expenditures accrued for Gulf Coast project liability	\$ -	\$ 30,000
Other accrued expenses	72,720	17,695
	<u>\$ 72,720</u>	<u>\$ 47,695</u>

On March 1, 2010 the Organization entered into an agreement to defer 50%, or \$62,500, of the CEO's annual salary continuing through December 31, 2012. The deferred portion will bear interest at a rate of 6% per year and will be repaid in 3 equal annual installments plus accrued interest beginning on January 15, 2013 through January 15, 2015. The amount accrued in 2010 is included in other accrued expenses.

**NOTE 4- DUE TO OTHERS**

These amounts represent pass-through funds for specific chapters or projects. The Organization has no control over these funds and acts only as a pass-through agent.

	<u>2010</u>	<u>2009</u>
Austin, TX and Phoenix, AZ Chapters	\$ 50,000	\$ 50,000
Inland Empire & LA/Ventura, CA and Southern Nevada, NV Chapters	75,000	-
New York, NY Chapter	5,000	5,000
San Diego, CA Chapter	300	-
	<u>\$ 130,300</u>	<u>\$ 55,000</u>

**HOMEAID AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010 and 2009**

**NOTE 5-RELATED PARTY TRANSACTIONS**

Board member contributions during 2010 and 2009 totaled \$73,010 and \$92,500, respectively.

**NOTE 6-COMMITMENTS AND CONTINGENCIES**

In January 2011 the Organization entered into a three year operating lease agreement to lease its current office space. It calls for minimum monthly payments of \$2,009 for the first year and expires on January 31, 2014. Future payments under the lease are as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 22,099
2012	25,527
2013	27,086
2014	<u>2,268</u>
Total	<u>\$ 76,980</u>

In 2009 the organization was involved in a lawsuit with a contractor, JaRoy Construction, Inc. on one of its gulf coast projects. Management believes the lawsuit is without merit and intends to vigorously defend itself. Management elected to accrue a \$30,000 liability (see note 3) in the financial statements. Subsequently it was determined that management had over estimated the accrual by \$26,458. Therefore, in 2010 the accrual was reversed and the amount was recorded in other income on the Statement of Activities.

Weak economic conditions since 2008 have caused a substantial reduction in funding from the Organization's building partners, resulting in operating losses for the last three years. In management's opinion, its plan to address anticipated shortfalls by reducing operating expenses has positioned the Organization to withstand current economic conditions. Although the decline in contributions in the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2010 led to a reduction in cash reserves at year end, unrestricted contributions in the 1<sup>st</sup> quarter of 2011 have been sufficient in management's opinion to enable the Organization to continue to meet its obligations.

**NOTE 7-PENSION PLAN**

The Organization has a 403(b) program for its employees. The program calls for the Organization to make a discretionary contribution up to 50% of employee deferrals. Employer matching contributions totaled \$0 and \$0 for the years ended December 31, 2010 and 2009, respectively.