

HomeAid America, Inc.

Financial Statements

Years Ended December 31, 2014 and 2013

Stafford and Warren, LLP

17310 Redhill Ave., Ste. 290 Irvine, CA 92614

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

We have audited the accompanying financial statements of HomeAid America, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, statements of cash flows, and statements of functional expenses for the years 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 the assessment of the risk 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 HomeAid America, Inc. as of December 31, 2014 and 2013, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Stafford & Warren, LLP
Irvine, CA
May 28, 2015

HOMEAID AMERICA, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash (Note 1)	\$ 436,166	\$ 342,885
Accounts receivable	558	-
Pledges receivable	28,390	10,070
Prepays and deposits	46,401	6,140
Property and equipment, net (Note 3)	<u>1,443</u>	<u>2,276</u>
TOTAL ASSETS	<u>\$ 512,958</u>	<u>\$ 361,371</u>
LIABILITIES		
Accounts payable	\$ 5,629	\$ 4,974
Liability insurance deductible fund (Note 4)	23,100	-
Other accrued expenses (Note 5)	<u>35,128</u>	<u>50,752</u>
TOTAL LIABILITIES	<u>63,857</u>	<u>55,726</u>
NET ASSETS		
Unrestricted	364,101	167,645
Temporarily restricted (Note 10)	<u>85,000</u>	<u>138,000</u>
TOTAL NET ASSETS	<u>449,101</u>	<u>305,645</u>
TOTAL LIABILITIES AND NET ASSETS.	<u>\$ 512,958</u>	<u>\$ 361,371</u>

HOMEAID AMERICA, INC.
STATEMENTS OF ACTIVITIES
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
UNRESTRICTED NET ASSETS		
Support and revenue		
Contributions (Note 1)	\$ 570,289	\$ 347,315
In-kind contributions (Note 1)	1,561	15,480
Chapter fees and reimbursements (Note 1)	35,000	51,526
Reimbursed insurance (Note 1)	39,402	44,865
Investment and other income	985	8,139
Net assets released from restrictions	<u>138,000</u>	<u>130,000</u>
SUBTOTAL SUPPORT AND REVENUE	785,237	597,325
Fundraising Activity		
Fundraising revenue	157,918	144,524
Direct fundraising costs	<u>(9,100)</u>	<u>(53,238)</u>
NET FUNDRAISING ACTIVITY	148,818	91,286
TOTAL SUPPORT AND REVENUE	934,055	688,611
EXPENSES		
Program	598,021	438,245
Management and general	75,652	89,957
Fundraising	<u>63,926</u>	<u>56,965</u>
TOTAL EXPENSES	<u>737,599</u>	<u>585,167</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	196,456	103,444
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	85,000	123,000
Net assets released from restrictions	<u>(138,000)</u>	<u>(130,000)</u>
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	<u>(53,000)</u>	<u>(7,000)</u>
INCREASE (DECREASE) IN NET ASSETS	143,456	96,444
NET ASSETS, BEGINNING OF YEAR	<u>305,645</u>	<u>209,201</u>
NET ASSETS, END OF YEAR	<u>\$ 449,101</u>	<u>\$ 305,645</u>

HOMEAID AMERICA, INC.
 STATEMENTS OF CASH FLOWS
 December 31, 2014 and 2013

	2014	2013
CASH FLOWS (TO) FROM OPERATING ACTIVITIES:		
Increase (Decrease) in net assets	\$ 143,456	\$ 96,444
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	833	948
(Increase) decrease in accounts receivable	(558)	-
(Increase) decrease in pledges receivable	(18,320)	(9,320)
(Increase) decrease in deposits and prepaids	(40,261)	45,981
Increase (decrease) in accounts payable	655	2,006
Increase (decrease) in liability insurance deductible fund	23,100	-
Increase (decrease) in other accrued expenses	(15,624)	(32,536)
	<u>93,281</u>	<u>103,523</u>
NET CASH FLOWS (TO) FROM OPERATING ACTIVITIES	93,281	103,523
CASH FLOWS (TO) FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	-	-
	<u>-</u>	<u>-</u>
NET CASH FLOWS (TO) FROM INVESTING ACTIVITIES	-	-
	<u>93,281</u>	<u>103,523</u>
NET INCREASE (DECREASE) IN CASH	93,281	103,523
CASH, Beginning of year	<u>342,885</u>	<u>239,362</u>
CASH, End of year	<u>\$ 436,166</u>	<u>\$ 342,885</u>
Supplemental Disclosure of Noncash Activities		
Donated materials and services	<u>\$ 1,561</u>	<u>\$ 15,480</u>
Cash paid during the year for interest	<u>\$ 1,311</u>	<u>\$ 2,468</u>
Cash paid during the year for taxes	<u>\$ -</u>	<u>\$ -</u>

HOMEAID AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
December 31, 2014

	Communications	Program Development and Support	Management and Administrative	Fundraising	2014 Total
Accounting/legal fees	778	5,343	1,129	1,349	8,599
Bank fees	-	-	781	202	983
Events/Programs/Conferences	-	150	-	-	150
Consultants/Independent Contractors	31,612	-	-	2,661	34,273
Delivery/shipping expense	-	-	35	-	35
Depreciation	-	-	833	-	833
Equipment purchases	166	1,136	240	287	1,829
Repairs/maintenance	585	4,019	849	1,015	6,468
In-kind services and materials	-	-	1,561	-	1,561
Insurance - National office	-	5,584	1,459	-	7,043
Interest	66	655	524	66	1,311
Meals/entertainment	-	-	298	174	472
Meetings/Conferences	120	16,970	2,038	37	19,165
Membership/subscriptions	-	679	1,473	379	2,531
Office expense	-	-	566	-	566
Office supplies	-	-	792	-	792
Postage	62	441	90	245	838
Printing	4,599	142	-	1,203	5,944
Public Relations	2,710	-	-	-	2,710
Chapter/Donor/Volunteer Recognition	-	-	100	1,537	1,637
Rent	968	6,644	1,404	1,678	10,694
Salaries and related costs	28,121	213,020	59,561	48,937	349,639
Chapter grants & Designated Funding	-	174,882	-	-	174,882
Chapter Ins-Liab/D&O/Special Events	-	43,961	-	-	43,961
Shelter development (HOW Program)	-	2,215	-	-	2,215
Telecommunications/Internet	253	1,735	367	438	2,793
Trade shows	12,220	-	-	-	12,220
Travel	-	12,581	1,552	-	17,851
Website Development/Maintenance	20,573	5,031	-	3,718	25,604
Totals	\$ 102,833	\$ 495,188	\$ 75,652	\$ 63,926	\$ 737,599

HOMEAID AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
December 31, 2013

	Communications	Program Development and Support	Management and Administrative	Fundraising	2013 Total
Accounting/legal fees	3,600	4,000	4,000	-	11,600
Bank fees	-	-	1,299	-	1,299
Events/Programs/Conferences	-	9,240	-	-	9,240
Consultants/Independent Contractors	7,900	11,475	26,325	715	46,415
Delivery/shipping expense	45	26	68	146	285
Depreciation	-	-	948	-	948
Equipment purchases	15	225	57	43	340
Repairs/maintenance	197	3,001	717	571	4,486
In-kind services and materials	1,113	2,096	3,333	8,939	15,481
Insurance - National office	160	2,442	618	465	3,685
Interest	123	1,234	988	123	2,468
Meals/entertainment	-	-	112	149	261
Meetings/Conferences	-	585	715	170	1,470
Membership/subscriptions	-	565	2,533	680	3,778
Office expense	18	275	385	52	730
Office supplies	63	958	316	182	1,519
Postage	23	363	54	303	743
Printing	1,089	-	-	1,835	2,924
Public Relations	750	-	-	-	750
Chapter/Donor/Volunteer Recognition	-	-	-	1,951	1,951
Rent	947	14,465	3,663	2,752	21,827
Salaries and related costs	11,038	172,252	40,179	32,073	255,542
Chapter grants & Designated Funding	-	114,174	-	-	114,174
Chapter Ins-Liab/D&O/Special Events	-	54,922	-	-	54,922
Shelter development (HOW Program)	-	2,804	-	-	2,804
Telecommunications/Internet	248	3,789	976	721	5,734
Trade shows	6,708	-	-	-	6,708
Travel	-	4,135	2,671	-	11,901
Website Development/Maintenance	1,182	-	-	5,095	1,182
Totals	\$ 35,219	\$ 403,026	\$ 89,957	\$ 56,965	\$ 585,167

HOMEAID AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

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 new lives for America's homeless families and individuals through housing and community outreach. HomeAid America works with local Homebuilders Associations and Building Industry Associations as well as other building industry organizations 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

The Organization recognizes contribution revenues for certain services received at the fair value of those services. Contributed services are recognized if the services received

HOMEAID AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING
POLICES, (CONTINUED)**

Donated materials and services, (Cont)

(a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the years ended December 31, 2014 and 2013, the value of contributed materials meeting the requirements for recognition in the financial statements was \$0 and \$10,595, respectively. Donated services meeting the requirements for recognition were \$1,561 and \$4,885 for years ending December 31, 2014 and 2013, 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 liability insurance policies covering HomeAid building projects, special events and Directors/Officers. The Organization is reimbursed by the HomeAid chapters for the cost of these policies.

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.

HOMEAID AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICES, (CONTINUED)

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.

NOTE 2 – FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an ordinary transaction between market participants on the measurement date. Assets recorded at fair value in the statement of activities and changes in net assets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs, are as follows:

<u>Level Input</u>	<u>Input Definition</u>
Level 1	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level 2	Inputs, other than quoted prices included in Level 1, which are observable for the asset or liability through corroboration with market data at the measurement date.
Level 3	Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the asset or liability at the measurement date.

NOTE 3 - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Office equipment	\$ 15,875	\$ 30,742
Furniture and fixtures	5,422	12,199
	21,297	42,941
Less: Accumulated depreciation	19,854	40,665
	<u>\$ 1,143</u>	<u>\$ 2,276</u>

Depreciation for the years ended December 31, 2014 and 2013 amounted to \$833 and \$948, respectively.

HOMEAID AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 4 – LIABILITY INSURANCE DEDUCTIBLE FUND

The Organization's wrap insurance policy covering its chapters shelter projects has a \$25,000 deductible. During the year, management adopted a policy requiring each chapter to fund its pro-rata share of the deductible. The Organization has collected money from each chapter to cover the \$25,000 insurance deductible and holds the funds in its bank account. The balance collected as of December 31, 2014 was \$23,100.

NOTE 5 - OTHER ACCRUED EXPENSES

Accrued expenses include employee contributions to retirement accounts, employee vacation accrual, and deferred salary including interest.

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. As of January 1, 2011 the agreement was amended and the CEO began taking his full salary; deferring none. The amount deferred to that point is still accruing interest at the rate stated above. The amounts accrued in 2014 and 2013 are included in other accrued expenses.

NOTE 6 - RELATED PARTY TRANSACTIONS

Board member contributions during 2014 and 2013 totaled \$66,975 and \$83,153, respectively.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

In January 2014 the Organization entered into a one year operating lease agreement to lease its current office space. It calls for monthly payments of \$825 for the year and expires on January 31, 2016.

Future payments under the lease are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 9,075
2016	825
Total	<u>\$ 9,900</u>

Rent expense for the years ended December 31, 2014 and 2013 was \$10,693 and \$21,827, respectively.

HOMEAID AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014 and 2013

NOTE 7 - COMMITMENTS AND CONTINGENCIES, (CONTINUED)

In September 2014 the Organization entered into a two year agreement for insurance coverage. It calls for ten monthly payments of \$6,278 beginning October 2014. Future payment obligations under the agreement for 2015 total \$43,945.

NOTE 8 - 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, 2014 and 2013, respectively.

NOTE 9 - CONCENTRATION OF RISK

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted assets are contributions restricted for specific shelter projects, specific programs, or specific HomeAid chapters.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 28, 2015, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.