

HomeAid America, Inc.

Financial Statements

Years Ended December 31, 2015 and 2014

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, 2015 and 2014, 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, 2015 and 2014, 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 27, 2016

HOMEAID AMERICA, INC.
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash (Note 1)	\$ 613,200	\$ 436,166
Accounts receivable	139	558
Pledges receivable	10,760	28,390
Prepays and deposits	41,408	46,401
Property and equipment, net (Note 3)	<u>631</u>	<u>1,443</u>
TOTAL ASSETS	<u><u>\$ 666,138</u></u>	<u><u>\$ 512,958</u></u>
LIABILITIES		
Accounts payable	\$ 5,786	\$ 5,629
Due to chapters	3,693	-
Liability insurance deductible fund (Note 4)	25,000	23,100
Other accrued expenses (Note 5)	13,901	35,128
Deferred revenue	<u>27,360</u>	<u>-</u>
TOTAL LIABILITIES	<u>75,740</u>	<u>63,857</u>
NET ASSETS		
Unrestricted	510,398	364,101
Temporarily restricted (Note 10)	<u>80,000</u>	<u>85,000</u>
TOTAL NET ASSETS	<u>590,398</u>	<u>449,101</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 666,138</u></u>	<u><u>\$ 512,958</u></u>

HOMEAID AMERICA, INC.
 STATEMENTS OF ACTIVITIES
 December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
UNRESTRICTED NET ASSETS		
Support and revenue		
Contributions (Note 1)	\$ 583,628	\$ 570,289
In-kind contributions (Note 1)	25,164	1,561
Chapter fees and reimbursements (Note 1)	41,869	35,000
Reimbursed insurance (Note 1)	107,444	39,402
Investment and other income	425	985
Net assets released from restrictions	<u>85,000</u>	<u>138,000</u>
 SUBTOTAL SUPPORT AND REVENUE	 843,530	 785,237
 Fundraising Activity		
Fundraising revenue	70,902	157,918
Direct fundraising costs	<u>(5,619)</u>	<u>(9,100)</u>
 NET FUNDRAISING ACTIVITY	 65,283	 148,818
 TOTAL SUPPORT AND REVENUE	 908,813	 934,055
 EXPENSES		
Program	621,320	598,021
Management and general	78,995	75,652
Fundraising	<u>62,201</u>	<u>63,926</u>
 TOTAL EXPENSES	 <u>762,516</u>	 <u>737,599</u>
 INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	 146,297	 196,456
 TEMPORARILY RESTRICTED NET ASSETS		
Contributions	80,000	85,000
Net assets released from restrictions	<u>(85,000)</u>	<u>(138,000)</u>
 INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	 <u>(5,000)</u>	 <u>(53,000)</u>
 INCREASE (DECREASE) IN NET ASSETS	 141,297	 143,456
 NET ASSETS, BEGINNING OF YEAR	 <u>449,101</u>	 <u>305,645</u>
 NET ASSETS, END OF YEAR	 <u>\$ 590,398</u>	 <u>\$ 449,101</u>

HOMEAID AMERICA, INC.
 STATEMENTS OF CASH FLOWS
 December 31, 2015 and 2014

	2015	2014
CASH FLOWS (TO) FROM OPERATING ACTIVITIES:		
Increase (Decrease) in net assets	\$ 141,297	\$ 143,456
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	812	833
(Increase) decrease in accounts receivable	419	(558)
(Increase) decrease in pledges receivable	17,630	(18,320)
(Increase) decrease in deposits and prepaids	4,993	(40,261)
Increase (decrease) in accounts payable	157	655
Increase (decrease) in due to chapters	3,693	-
Increase (decrease) in liability insurance deductible fund	1,900	23,100
Increase (decrease) in other accrued expenses	(21,227)	(15,624)
Increase (decrease) in deferred revenue	27,360	-
	177,034	93,281
NET CASH FLOWS (TO) FROM OPERATING ACTIVITIES	177,034	93,281
CASH FLOWS (TO) FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	-	-
	-	-
NET CASH FLOWS (TO) FROM INVESTING ACTIVITIES	-	-
NET INCREASE (DECREASE) IN CASH	177,034	93,281
CASH, Beginning of year	436,166	342,885
CASH, End of year	\$ 613,200	\$ 436,166
Supplemental Disclosure of Noncash Activities		
Donated materials and services	\$ 25,164	\$ 1,561
Cash paid during the year for interest	\$ -	\$ 1,311
Cash paid during the year for taxes	\$ -	\$ -

HOMEAID AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
December 31, 2015

	Communications	Program Development and Support	Management and Administrative	Fundraising	2015 Total
Accounting/legal fees	1,600	-	8,500	-	10,100
Bank fees	-	-	325	277	602
Events/Programs/Conferences	-	-	-	904	904
Computer expense	-	1,509	752	-	2,261
Consultants/Independent Contractors	20,939	1,438	-	260	22,637
Delivery/shipping expense	-	141	-	92	233
Depreciation	-	-	812	-	812
Equipment purchases	-	-	80	-	80
Repairs/maintenance	-	-	3,464	-	3,464
In-kind services and materials	21,140	425	1,779	1,820	25,164
Insurance - National office	-	5,305	1,335	-	6,640
Meals/entertainment	-	-	72	60	132
Meetings/Conferences	535	13,624	957	225	15,341
Membership/subscriptions	-	124	830	599	1,553
Office expense	-	-	177	-	177
Office supplies	-	-	1,258	-	1,258
Postage	-	52	535	131	718
Printing	148	131	-	1,641	1,920
Public Relations	12,477	-	-	-	12,477
Chapter/Donor/Volunteer Recognition	-	175	154	892	1,221
Rent	-	-	9,825	-	9,825
Salaries and related costs	31,452	216,543	45,333	54,663	347,991
Chapter grants & Designated Funding	-	197,734	-	-	197,734
Chapter Ins-Liab/D&O/Special Events	-	54,373	-	-	54,373
Telecommunications/Internet	-	-	2,807	-	2,807
Trade shows	17,715	-	-	-	17,715
Travel	-	17,390	-	637	18,027
Website Development/Maintenance	6,350	-	-	-	6,350
Totals	\$ 112,356	\$ 508,964	\$ 78,995	\$ 62,201	\$ 762,516

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	3,718	17,851
Website Development/Maintenance	20,573	5,031	-	-	25,604
Totals	\$ 102,833	\$ 495,188	\$ 75,652	\$ 63,926	\$ 737,599

HOMEAID AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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, 2015 and 2014

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, 2015 and 2014, the value of contributed materials meeting the requirements for recognition in the financial statements was \$0 and \$0, respectively. Donated services meeting the requirements for recognition were \$25,164 and \$1,561 for years ending December 31, 2015 and 2014, 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, 2015 and 2014

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:

Level Input	Input Definition
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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Office equipment	\$ 12,888	\$ 15,875
Furniture and fixtures	5,422	5,422
	18,310	21,297
Less: Accumulated depreciation	17,679	19,854
	<u>\$ 631</u>	<u>\$ 1,443</u>

Depreciation for the years ended December 31, 2015 and 2014 amounted to \$812 and \$833, respectively.

HOMEAID AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 4 – LIABILITY INSURANCE DEDUCTIBLE FUND

The Organization's wrap insurance policy covering its chapter's shelter projects has a \$25,000 deductible. Management has 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, 2015 and 2014 was \$25,000 and \$23,100, respectively.

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 through December 31, 2012 was accruing interest at the rate stated above. The amounts accrued through December 31, 2014 are included in other accrued expenses. The third and final payment was made in January 2015 resulting in a zero balance as of December 31, 2015.

NOTE 6 - RELATED PARTY TRANSACTIONS

Board member contributions during 2015 and 2014 totaled \$57,425 and \$66,975, respectively.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

In January 2015 the Organization entered into a one year operating lease agreement to lease its current office space. It called for monthly payments of \$825 for the year and expired on January 31, 2016. The Organization is now paying \$900 on a month to month basis.

Rent expense for the years ended December 31, 2015 and 2014 was \$9,825 and \$10,693, respectively.

HOMEAID AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 7 - COMMITMENTS AND CONTINGENCIES, (CONTINUED)

In September 2014 the Organization entered into a two year agreement for insurance coverage. It called for ten monthly payments of \$6,278 beginning October 2014.

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, 2015 and 2014, 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 though May 27, 2016, 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.