

**HomeAid America, Inc.**

**Financial Statements**

**Years Ended December 31, 2017 and 2016**

**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, 2017 and 2016, 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, 2017 and 2016, 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  
June 7, 2018

HOMEAID AMERICA, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash (Note 1)	\$ 883,901	\$ 665,371
Accounts receivable	7,936	1,429
Pledges receivable (Note 1)	18,609	13,850
Prepays and deposits	74,795	51,267
Property and equipment, net (Note 3)	<u>2,221</u>	<u>1,138</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 987,462</u></u>	<u><u>\$ 733,055</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 8,486	\$ 17,230
Due to chapters	24	6,744
Liability insurance deductible fund (Note 4)	25,000	25,000
Other accrued expenses (Note 5)	24,832	19,674
Deferred revenue	<u>21,503</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>79,845</u>	<u>68,648</u>
<b>NET ASSETS</b>		
Unrestricted	827,617	584,407
Temporarily restricted (Note 10)	<u>80,000</u>	<u>80,000</u>
<b>TOTAL NET ASSETS</b>	<u>907,617</u>	<u>664,407</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 987,462</u></u>	<u><u>\$ 733,055</u></u>

HOMEAID AMERICA, INC.  
 STATEMENTS OF ACTIVITIES  
 December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>UNRESTRICTED NET ASSETS</b>		
Support and revenue		
Contributions (Note 1)	\$ 651,731	\$ 419,461
In-kind contributions (Note 1)	2,542	2,299
Chapter fees and reimbursements (Note 1)	40,000	39,150
Reimbursed insurance (Note 1)	96,569	88,069
Investment and other income	490	380
Net assets released from restrictions	<u>80,000</u>	<u>80,000</u>
 <b>SUBTOTAL SUPPORT AND REVENUE</b>	 871,332	 629,359
 Fundraising Activity		
Net fundraising event income (Note 1)	<u>127,951</u>	<u>135,028</u>
 <b>TOTAL SUPPORT AND REVENUE</b>	 999,283	 764,387
 <b>EXPENSES</b>		
Program Services		
Community Outreach	85,963	71,375
Development and Support	519,552	476,850
Supporting Services		
Management and Administrative	89,441	73,215
Fundraising	<u>61,117</u>	<u>68,938</u>
 <b>TOTAL EXPENSES</b>	 <u>756,073</u>	 <u>690,378</u>
 <b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	 243,210	 74,009
 <b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	80,000	80,000
Net assets released from restrictions	<u>(80,000)</u>	<u>(80,000)</u>
 <b>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>	 <u>-</u>	 <u>-</u>
 <b>INCREASE (DECREASE) IN NET ASSETS</b>	 243,210	 74,009
 NET ASSETS, BEGINNING OF YEAR	 <u>664,407</u>	 <u>590,398</u>
 NET ASSETS, END OF YEAR	 <u>\$ 907,617</u>	 <u>\$ 664,407</u>

HOMEAID AMERICA, INC.  
 STATEMENTS OF CASH FLOWS  
 December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS (TO) FROM OPERATING ACTIVITIES:</b>		
Increase (Decrease) in net assets	\$ 243,210	\$ 74,009
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	700	376
(Increase) decrease in accounts receivable	(6,507)	(1,290)
(Increase) decrease in pledges receivable	(4,759)	(3,090)
(Increase) decrease in deposits and prepaids	(23,528)	(9,859)
Increase (decrease) in accounts payable	(8,744)	11,444
Increase (decrease) in due to chapters	(6,720)	3,051
Increase (decrease) in other accrued expenses	5,158	5,773
Increase (decrease) in deferred revenue	21,503	(27,360)
	<u>220,313</u>	<u>53,054</u>
<b>NET CASH FLOWS (TO) FROM OPERATING ACTIVITIES</b>	<b>220,313</b>	<b>53,054</b>
<b>CASH FLOWS (TO) FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(1,783)	(883)
	<u>(1,783)</u>	<u>(883)</u>
<b>NET CASH FLOWS (TO) FROM INVESTING ACTIVITIES</b>	<b>(1,783)</b>	<b>(883)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>218,530</b>	<b>52,171</b>
CASH, Beginning of year	<u>665,371</u>	<u>613,200</u>
CASH, End of year	<u>\$ 883,901</u>	<u>\$ 665,371</u>
<b>Supplemental Disclosure of Noncash Activities</b>		
Donated materials and services	<u>\$ 2,542</u>	<u>\$ 2,299</u>
Cash paid during the year for interest	<u>\$ 1,672</u>	<u>\$ 764</u>
Cash paid during the year for taxes	<u>\$ -</u>	<u>\$ -</u>

HOMEAID AMERICA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
December 31, 2017

	Community Outreach	Development and Support	Management and Administrative	Fundraising	2017 Total
Accounting/legal fees	-	-	8,750	-	8,750
Events/Programs/Conferences	-	-	-	4,791	4,791
Computer expense	-	-	357	-	357
Consultants/Independent Contractors	10,524	36	-	-	10,560
Depreciation	-	-	700	-	700
Equipment purchases	-	-	35	-	35
Repairs/maintenance	-	866	2,226	-	3,092
In-kind services and materials	-	698	1,844	-	2,542
Insurance - D & O/Office G/L	-	-	1,216	-	1,216
Interest	-	1,672	-	-	1,672
Meals/entertainment	-	78	51	-	200
Meetings/Conferences	34	12,829	3,371	34	16,268
Membership/subscriptions	-	250	1,546	1,322	3,118
Office expense	425	194	75	463	1,157
Office supplies	-	863	787	-	1,650
Postage	-	17	421	-	562
Printing	500	-	-	360	860
Public Relations	27,526	-	-	-	27,526
Chapter/Donor/Volunteer Recognition	-	604	-	70	819
Rent	-	-	145	-	145
Salaries and related costs	30,221	217,146	10,260	-	10,260
Chapter grants & Designated Funding	-	185,750	53,482	53,371	354,220
Chapter Ins-Liab/Special Events	-	76,978	-	-	185,750
Telecommunications/Internet	-	810	-	-	76,978
Trade shows	11,884	-	3,686	-	4,496
Travel	-	20,345	-	-	11,884
Website Development/Maintenance	4,849	416	489	511	21,345
Totals	\$ 85,963	\$ 519,552	\$ 89,441	\$ 61,117	\$ 756,073

HOMEAID AMERICA, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
December 31, 2016

	Community Outreach	Program Development and Support	Management and Administrative	Fundraising	2016 Total
Accounting/legal fees	-	-	8,501	-	8,501
Bank fees	-	-	116	318	1,030
Events/Programs/Conferences	-	596	-	5,042	5,042
Computer expense	-	-	4,301	-	4,301
Consultants/Independent Contractors	18,347	9,766	16,097	6,439	50,649
Delivery/shipping expense	-	105	-	-	105
Depreciation	-	-	376	-	376
Equipment purchases	-	-	239	-	239
Repairs/maintenance	-	-	323	-	323
In-kind services and materials	278	1,875	-	490	2,966
Insurance - D&O/Office/ G/L	-	-	1,679	620	2,299
Interest	-	5,399	1,196	-	6,595
Meals/entertainment	-	764	-	-	764
Meetings/Conferences	-	-	-	125	125
Membership/subscriptions	50	18,059	742	140	18,991
Office expense	500	566	1,372	939	3,377
Office supplies	-	-	914	-	914
Postage	-	-	1,699	-	1,699
Printing	-	25	507	47	579
Public Relations	-	-	-	809	809
Chapter/Donor/Volunteer Recognition	6,635	-	-	-	6,635
Rent	1,004	-	-	373	373
Salaries and related costs	28,904	6,779	1,167	1,775	10,725
Chapter grants & Designated Funding	-	196,395	33,598	51,107	310,004
Chapter Ins-Liab/D&O/Special Events	-	140,494	-	-	140,494
Telecommunications/Internet	334	79,709	-	-	79,709
Trade shows	12,354	2,742	388	591	4,055
Travel	-	12,701	-	-	12,354
Website Development/Maintenance	2,969	875	-	123	12,824
Totals	\$ 71,375	\$ 476,850	\$ 73,215	\$ 68,938	\$ 690,378

**HOMEAID AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

**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. All pledges receivable at December 31, 2017 and 2016 are due within one year.



**HOMEAID AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

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

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 (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, 2017 and 2016, the value of contributed materials meeting the requirements for recognition in the financial statements was \$0 and \$620, respectively. Donated services meeting the requirements for recognition were \$2,542 and \$1,679 for years ending December 31, 2017 and 2016, 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.

Fundraising Events

The Organization partners with a group to sponsor speaking events about the current events and conditions in the construction industry. The Organization records the attendance fees less direct events expenses (meals and cost of venue) as net fundraising event income in the statement of activities.

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.

**HOMEAID AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

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

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.

**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.

**HOMEAID AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

**NOTE 3 - PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Office equipment	\$ 2,666	\$ 12,990
Furniture and fixtures	4,362	5,422
	<u>7,028</u>	<u>18,412</u>
Less: Accumulated depreciation	4,808	17,274
	<u>2,221</u>	<u>\$ 1,138</u>

Depreciation for the years ended December 31, 2017 and 2016 amounted to \$700 and \$376, respectively.

**NOTE 4 - LIABILITY INSURANCE DEDUCTIBLE FUND**

The Organization's current wrap insurance policy covering its chapter's shelter projects has a \$10,000 deductible. Management has adopted a policy requiring each chapter to fund a pro-rata share of the deductible. The Organization has collected money from each chapter to cover up to two insurance claims and holds the funds in its bank account. The balance collected as of December 31, 2015 was \$25,000 and will be held indefinitely. The funds will be used to pay the deductible should any claims on the policy be incurred.

**NOTE 5 - OTHER ACCRUED EXPENSES**

Accrued expenses include employee contributions to retirement accounts, employee vacation accrual, and other accruals.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

Board member contributions during 2017 and 2016 totaled \$52,350 and \$50,975, respectively.

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

Beginning January 1, 2018, the Organization leases its office space on a month to month basis with a monthly payment of \$881. The Organization is currently negotiating a longer term lease.

**HOMEAID AMERICA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

**NOTE 7 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

Rent expense for the years ended December 31, 2017 and 2016 was \$10,260 and \$10,725, respectively.

The Organization has entered into agreements for the purchase of two insurance policies that cover the various Home Aid chapter projects. Terms of the policies call for payments through August 2018 for one policy and September 2020 for the other policy.

**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, 2017 and 2016, 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 or specific HomeAid chapters.

**NOTE 11 - SUBSEQUENT EVENTS**

On June 5, 2018, the Organization entered into a one year operating lease agreement for the lease of its office space. The lease calls for monthly payments of \$881 January through December 31, 2018.

Management has evaluated subsequent events through June 7, 2018, the date which the financial statements were available to be issued. Other than the subsequent event above, there were no material subsequent events that required recognition or additional disclosure in these financial statements.