

HomeAid America, Inc.

Financial Statements

Years Ended December 31, 2018 and 2017

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, 2018 and 2017, 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, 2018 and 2017, 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
September 20, 2019

HOMEAID AMERICA, INC.
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash (Note 1)	\$ 1,059,174	\$ 883,901
Accounts receivable	5,089	7,936
Pledges receivable (Note 1)	15,000	18,609
Prepays and deposits	54,161	74,795
Property and equipment, net (Note 3)	4,189	2,221
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 1,137,613</u>	<u>\$ 987,462</u>
LIABILITIES		
Accounts payable	\$ 11,827	\$ 8,486
Due to chapters	-	24
Liability insurance deductible fund (Note 4)	25,000	25,000
Other accrued expenses (Note 5)	27,181	24,832
Deferred revenue	9,226	21,503
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>73,234</u>	<u>79,845</u>
NET ASSETS		
Without donor restrictions	974,379	827,617
With donor restrictions (Note 10)	90,000	80,000
	<u> </u>	<u> </u>
TOTAL NET ASSETS	<u>1,064,379</u>	<u>907,617</u>
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,137,613</u>	<u>\$ 987,462</u>

HOMEAID AMERICA, INC.
 STATEMENTS OF ACTIVITIES
 December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and revenue		
Contributions (Note 1)	\$ 742,565	\$ 651,731
In-kind contributions (Note 1)	9,041	2,542
Chapter fees and reimbursements (Note 1)	39,319	40,000
Reimbursed insurance (Note 1)	38,910	96,569
Investment and other income	634	490
Loss on disposal of fixed assets	(455)	-
Net assets released from restrictions	<u>80,000</u>	<u>80,000</u>
SUBTOTAL SUPPORT AND REVENUE	910,014	871,332
Fundraising Activity		
Net fundraising event income (Note 1)	<u>103,587</u>	<u>127,951</u>
TOTAL SUPPORT AND REVENUE	1,013,601	999,283
EXPENSES		
Program Services		
Community Outreach	139,524	85,963
Development and Support	564,966	519,552
Supporting Services		
Management and Administrative	86,247	89,441
Fundraising	<u>76,102</u>	<u>61,117</u>
TOTAL EXPENSES	<u>866,839</u>	<u>756,073</u>
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	146,762	243,210
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	90,000	80,000
Net assets released from restrictions	<u>(80,000)</u>	<u>(80,000)</u>
(INCREASE) DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>10,000</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	156,762	243,210
NET ASSETS, BEGINNING OF YEAR	<u>907,617</u>	<u>664,407</u>
NET ASSETS, END OF YEAR	<u>\$ 1,064,379</u>	<u>\$ 907,617</u>

HOMEAID AMERICA, INC.
 STATEMENTS OF CASH FLOWS
 December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS (TO) FROM OPERATING ACTIVITIES:		
Increase (Decrease) in net assets	\$ 156,762	\$ 243,210
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	778	700
Loss on Disposal of Assets	455	-
(Increase) decrease in accounts receivable	2,847	(6,507)
(Increase) decrease in pledges receivable	3,609	(4,759)
(Increase) decrease in deposits and prepaids	20,633	(23,528)
Increase (decrease) in accounts payable	3,341	(8,744)
Increase (decrease) in due to chapters	(24)	(6,720)
Increase (decrease) in other accrued expenses	2,350	5,158
Increase (decrease) in deferred revenue	(12,277)	21,503
	<u>178,474</u>	<u>220,313</u>
NET CASH FLOWS (TO) FROM OPERATING ACTIVITIES	178,474	220,313
CASH FLOWS (TO) FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(3,201)	(1,783)
	<u>(3,201)</u>	<u>(1,783)</u>
NET CASH FLOWS (TO) FROM INVESTING ACTIVITIES	(3,201)	(1,783)
NET INCREASE (DECREASE) IN CASH	175,273	218,530
CASH, Beginning of year	883,901	665,371
CASH, End of year	\$ 1,059,174	\$ 883,901
Supplemental Disclosure of Noncash Activities		
Donated materials and services	\$ 9,041	\$ 2,542
Cash paid during the year for interest	\$ 1,544	\$ 1,672
Cash paid during the year for taxes	\$ -	\$ -

HOMEAID AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
December 31, 2018

	Community Outreach	Development and Support	Management and Administrative	Fundraising	2018 Total
Accounting & legal fees	-	-	8,750	-	8,750
Bank & merchant fees	-	-	135	930	1,065
Events/Programs/Conferences	-	-	-	2,423	2,423
Computer expense	-	399	75	-	474
Consultants & independent contractors	8,919	-	-	-	8,919
Delivery & shipping expense	182	25	431	-	638
Depreciation	-	-	778	-	778
Equipment purchases	-	-	62	-	62
Repairs & maintenance	-	-	4,146	-	4,146
In-kind services & materials	5,310	-	1,731	2,000	9,041
Insurance	-	-	1,166	-	1,166
Interest	-	-	1,544	-	1,544
Meals & entertainment	192	163	326	33	714
Meetings & conferences	138	17,691	1,494	41	19,364
Membership & subscriptions	1,387	1,162	1,440	6,061	10,050
Office expense	30	172	266	-	468
Office supplies	-	-	2,186	-	2,186
Postage	35	60	525	150	770
Printing	256	7,726	-	855	8,837
Public relations	8,658	-	-	-	8,658
Chapter/Donor/Volunteer Recognition	-	-	30	63	93
Rent	-	-	10,572	-	10,572
Salaries and related costs	82,071	266,947	44,612	61,558	455,188
Chapter grants & designated funding	-	177,881	-	-	177,881
Chapter insurance	-	75,315	-	-	75,315
Telecommunications & internet	-	-	4,998	-	4,998
Trade shows	14,892	-	-	-	14,892
Travel	4,828	17,425	980	1,988	25,221
Website costs	12,626	-	-	-	12,626
Totals	\$ 139,524	\$ 564,966	\$ 86,247	\$ 76,102	\$ 866,839

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

	Community Outreach	Program Development and Support	Management and Administrative	Fundraising	2017 Total
Accounting & legal fees	-	-	8,750	-	8,750
Bank & merchant fees	-	-	-	-	-
Events/Programs/Conferences	-	-	-	4,791	4,791
Computer expense	-	-	357	-	357
Consultants & independent contractors	10,524	36	-	-	10,560
Delivery & shipping expense	-	-	-	-	-
Depreciation	-	-	700	-	700
Equipment purchases	-	-	35	-	35
Repairs & maintenance	-	866	2,226	-	3,092
In-kind services & materials	-	698	1,844	-	2,542
Insurance	-	-	1,216	-	1,216
Interest	-	1,672	-	-	1,672
Meals & entertainment	-	78	51	71	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	124	562
Printing	500	-	-	360	860
Public relations	-	-	-	-	-
Chapter/Donor/Volunteer Recognition	-	604	145	70	819
Rent	-	-	10,260	-	10,260
Salaries and related costs	30,221	217,146	53,482	53,371	354,220
Chapter grants & designated funding	-	185,750	-	-	185,750
Chapter insurance	-	76,978	-	-	76,978
Telecommunications & internet	-	810	3,686	-	4,496
Trade shows	11,884	-	-	-	11,884
Travel	-	20,345	489	511	21,345
Website costs	4,849	416	-	-	5,265
Totals	\$ 85,963	\$ 519,552	\$ 89,441	\$ 61,117	\$ 756,073

HOMEAID AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. All pledges receivable at December 31, 2018 and 2017 are due within one year.

HOMEAID AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING
POLICES, (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 net assets with donor restrictions to net assets without donor restrictions 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.

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, 2018 and 2017, 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 \$9,041 and \$2,542 for years ending December 31, 2018 and 2017, respectively.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions.

Recognition of Donor Restricted Contributions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

HOMEAID AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

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

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. The Organization had no direct event expenses for the years ended December 31, 2018 and 2017, respectively.

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.

Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Fundraising costs are considered supporting services.

The financial statements report salaries and related costs which are attributable to more than one program or supporting function of the Organization. Salaries and related costs are allocated based on estimates of time and effort.

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, 2018 and 2017

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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Office equipment	\$ 4,985	\$ 2,666
Furniture and fixtures	4,362	4,362
	<u>9,347</u>	<u>7,028</u>
Less: Accumulated depreciation	5,158	4,807
	<u>\$ 4,189</u>	<u>\$ 2,221</u>

Depreciation for the years ended December 31, 2018 and 2017 amounted to \$778 and \$700, respectively.

HOMEAID AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

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 for the years ended December 31, 2018 and 2017 totaled \$47,000 and \$47,350, respectively.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

In November 2018 the Organization entered into a one-year lease for office space beginning January 1, 2019, with a monthly payment of \$800. Total commitment under the lease is \$9,600 for the year ended December 31, 2019.

Rent expense for the years ended December 31, 2018 and 2017 was \$10,572 and \$10,260, respectively.

The Organization has entered into an agreement to purchase an insurance policy that covers the various Home Aid chapter projects through September 2020. As of December 31, 2018, the policy has been paid in full.

HOMEAID AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

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, 2018 and 2017, 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 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are purpose restrictions for specific shelter projects or specific HomeAid chapters.

NOTE 11 - LIQUIDITY AND AVAILABILITY

The Organization receives a limited amount of restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organizations liquidity management the board has an informal policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board's position is to maintain a three-month liquidity in cash reserves, which is approximately \$215,000 based on average expenses for the year ended December 31, 2018.

	<u>2018</u>
Financial Assets at year-end	\$ 1,059,174
Less those unavailable for general expenditures w/in one year due to:	
Donor imposed restrictions	90,000
Board designated funds	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 969,174</u>

HOMEAID AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE 12 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 20, 2019, 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.