

HomeAid America, Inc.

Financial Statements

Years Ended December 31, 2019 and 2018

Stafford and Warren, LLP

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

INDEPENDENT AUDITOR'S REPORT

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, 2019 and 2018, 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

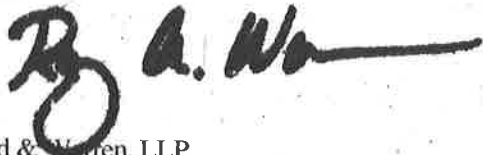
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2019 and 2018, 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, 2020

HOMEAID AMERICA, INC.
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash (Note 1)	\$ 1,651,508	\$ 1,059,174
Accounts receivable	9,519	5,089
Pledges receivable (Note 1)	62,500	15,000
Prepays and deposits	25,451	54,161
Property and equipment, net (Note 3)	<u>2,739</u>	<u>4,189</u>
TOTAL ASSETS	<u>\$ 1,751,717</u>	<u>\$ 1,137,613</u>
LIABILITIES		
Accounts payable	\$ 27,213	\$ 11,827
Due to chapters	60,000	-
Liability insurance deductible fund (Note 4)	25,000	25,000
Other accrued expenses (Note 5)	31,132	27,181
Deferred revenue	<u>18,400</u>	<u>9,226</u>
TOTAL LIABILITIES	<u>161,745</u>	<u>73,234</u>
NET ASSETS		
Without donor restrictions	1,224,946	974,379
With donor restrictions (Note 10)	<u>365,026</u>	<u>90,000</u>
TOTAL NET ASSETS	<u>1,589,972</u>	<u>1,064,379</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,751,717</u>	<u>\$ 1,137,613</u>

HOMEAID AMERICA, INC.
 STATEMENTS OF ACTIVITIES
 December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and revenue		
Contributions (Note 1)	\$ 948,177	\$ 742,565
In-kind contributions (Note 1)	8,749	9,041
Chapter fees and reimbursements (Note 1)	42,500	39,319
Reimbursed insurance (Note 1)	84,771	38,910
Investment and other income	3,709	634
Loss on disposal of fixed assets	(455)	(455)
Net assets released from restrictions	<u>224,974</u>	<u>80,000</u>
 SUBTOTAL SUPPORT AND REVENUE	 1,312,425	 910,014
 Fundraising Activity		
Net fundraising event income (Note 1)	<u>170,438</u>	<u>103,587</u>
 TOTAL SUPPORT AND REVENUE	 1,482,863	 1,013,601
 EXPENSES		
Program Services		
Community Outreach	171,235	139,524
Development and Support	820,954	564,966
Supporting Services		
Management and Administrative	145,982	86,247
Fundraising	<u>94,125</u>	<u>76,102</u>
 TOTAL EXPENSES	 <u>1,232,296</u>	 <u>866,839</u>
 INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	 250,567	 146,762
 NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	500,000	90,000
Net assets released from restrictions	<u>(224,974)</u>	<u>(80,000)</u>
 (INCREASE) DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	 <u>275,026</u>	 <u>10,000</u>
 INCREASE (DECREASE) IN NET ASSETS	 525,593	 156,762
 NET ASSETS, BEGINNING OF YEAR	 <u>1,064,379</u>	 <u>907,617</u>
 NET ASSETS, END OF YEAR	 <u>\$ 1,589,972</u>	 <u>\$ 1,064,379</u>

See accompanying notes and independent auditor's report.

HOMEAID AMERICA, INC.
 STATEMENTS OF CASH FLOWS
 December 31, 2019 and 2018

	2019	2018
CASH FLOWS (TO) FROM OPERATING ACTIVITIES:		
Increase (Decrease) in net assets	\$ 525,593	\$ 156,762
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	996	778
Loss on Disposal of Assets	454	455
(Increase) decrease in accounts receivable	(4,430)	2,847
(Increase) decrease in pledges receivable	(47,500)	3,609
(Increase) decrease in deposits and prepaids	28,710	20,633
Increase (decrease) in accounts payable	15,386	3,341
Increase (decrease) in due to chapters	60,000	(24)
Increase (decrease) in other accrued expenses	3,951	2,350
Increase (decrease) in deferred revenue	9,174	(12,277)
	592,334	178,474
NET CASH FLOWS FROM OPERATING ACTIVITIES	592,334	178,474
CASH FLOWS (TO) FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	-	(3,201)
	-	(3,201)
NET CASH FLOWS (TO) INVESTING ACTIVITIES	-	(3,201)
	592,334	175,273
NET INCREASE IN CASH	592,334	175,273
CASH, Beginning of year	1,059,174	883,901
CASH, End of year	\$ 1,651,508	\$ 1,059,174
Supplemental Disclosure of Noncash Activities		
Donated materials and services	\$ 8,749	\$ 9,041
Cash paid during the year for interest	\$ -	\$ 1,544
Cash paid during the year for taxes	\$ -	\$ -

HOMEAID AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
December 31, 2019

	2019				
	Community Outreach	Program Development & Support	Management & Administrative	Fundraising	Total
Accounting & legal fees	-	-	9,000	-	9,000
Bank & merchant fees	-	-	326	1,722	2,048
Events/Programs/Conferences	-	-	-	1,261	1,261
Computer expense	-	-	65	-	65
Consultants & independent contractors	14,767	23,885	35,279	-	73,931
Delivery & shipping expense	-	179	40	115	334
Depreciation	-	-	996	-	996
Equipment purchases	-	-	2,136	-	2,136
Repairs & maintenance	-	-	4,081	-	4,081
In-kind services & materials	3,563	-	5,186	-	8,749
Insurance	-	5,999	1,042	-	7,041
Meals & entertainment	797	-	14,441	1,263	16,501
Meetings & conferences	228	23,295	1,128	181	24,832
Membership & subscriptions	3,690	882	1,335	7,227	13,134
Office expense	67	109	972	-	1,148
Office supplies	-	-	2,640	-	2,640
Postage	-	15	347	133	495
Printing	2,816	-	-	1,698	4,514
Public relations	4,556	-	-	-	4,556
Chapter/Donor/Volunteer Recognition	-	1,308	-	297	1,605
Rent	-	5,738	8,607	-	14,345
Salaries and related costs	88,436	287,875	54,704	78,056	509,071
Chapter grants & designated funding	-	375,474	-	-	375,474
Chapter insurance	-	68,095	-	-	68,095
Telecommunications & internet	-	2,218	3,326	-	5,544
Trade shows	31,230	-	-	-	31,230
Travel	1,419	22,063	331	2,172	25,985
Website costs	19,666	3,819	-	-	23,485
Totals	\$ 171,235	\$ 820,954	\$ 145,982	\$ 94,125	\$ 1,232,296

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

	Community	Program Development	Management &	2018	
	Outreach	& Support	Administrative	Fundraising	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
Intetest	-	-	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.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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, 2019 and 2018 are due within one year.

HOMEAID AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

**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, 2019 and 2018, 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 \$8,749 and \$9,041 for years ending December 31, 2019 and 2018, 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, 2019 and 2018

**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, 2019 and 2018, respectively, as these direct event expenses were paid by the partnering group directly.

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, rent, and telecommunications/internet 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. Rent and telecommunications/internet are allocated using the same proportion as the allocation of employee's time.

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, 2019 and 2018

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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Office equipment	\$ 4,102	\$ 4,985
Furniture and fixtures	4,362	4,362
	8,464	9,347
Less: Accumulated depreciation	5,725	5,158
	<u>\$ 2,739</u>	<u>\$ 4,189</u>

Depreciation for the years ended December 31, 2019 and 2018 amounted to \$996 and \$778, respectively.

HOMEAID AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

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. \$25,000 was collected as of December 31, 2015 and the balance being held as of December 31, 2019 was \$25,000. 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, 2019 and 2018 totaled \$92,017 and \$47,000, 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. As of January 1, 2020, the Organization did not enter into a new lease and is now on a month-to-month basis at a rate of \$1,561.51 per month.

During 2019 the Organization entered into a one-year lease for office space in Colorado beginning December 1, 2019, with a monthly payment of \$1,223. Total commitment under the lease is \$13,453 for the year ended December 31, 2020.

Rent expense for the years ended December 31, 2019 and 2018 was \$14,345 and \$10,572, 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, 2019 and 2018

NOTE 8 - PENSION PLAN

The Organization has a 403(b) program for its employees. The program calls for the Organization to make a discretionary match of 50% of the employees' contribution up to 2% of the employees' annual salary. Employer matching contributions totaled \$6,702 and \$0 for the years ended December 31, 2019 and 2018, 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.

The following is a summary of net assets at December 31, 2019 and 2018:

	<u>12/31/2019</u>	<u>12/31/2018</u>
Net assets without donor restrictions	\$ 1,224,946	\$ 974,379
Net assets with donor restrictions for specified purpose:		
Shelter projects	30,000	30,000
HomeAid chapters	50,000	60,000
Work force development program	<u>285,026</u>	<u>-</u>
Total net assets with donor restrictions	<u>365,026</u>	<u>90,000</u>
Total net assets	<u>\$ 1,589,972</u>	<u>\$ 1,064,379</u>

HOMEAID AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 11 – LIQUIDITY AND AVAILABILITY

The Organization regularly receives 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 \$308,000 based on average expenses for the year ended December 31, 2019.

	<u>2019</u>
Financial Assets at year-end	\$ 1,580,182
Less those unavailable for general expenditures w/in one year due to:	
Donor imposed restrictions	365,026
Board designated funds	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,215,156</u>

NOTE 12 - SUBSEQUENT EVENTS

Subsequent to year-end, certain businesses and parts of the economy were ordered by the federal and state governments to shut down due to the Covid-19 virus. This may have an impact on the Organization's ability to generate donations in the next calendar year. At the time this report was issued, the impact of the Covid-19 crisis on the Organization was unknown.

Management has evaluated subsequent events through May 27, 2020, the date which the financial statements were available to be issued. Other than the above-mentioned event, there were no material subsequent events that required recognition or additional disclosure in these financial statements.