

Audited Financial Statements



December 31, 2022 and 2021

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Independent Auditor's Report

Board of Directors
HomeAid America
Irvine, California

Opinion

We have audited the accompanying financial statements of HomeAid America (HomeAid), a nonprofit organization, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HomeAid as of December 31, 2022 and 2021, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of HomeAid and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HomeAid's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 HomeAid’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HomeAid’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Los Angeles, California
May 9, 2023

A handwritten signature in black ink, reading "Trujillo & Duron". The signature is written in a cursive, flowing style.

HomeAid America
Statements of Financial Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 1,224,430	\$ 966,571
Restricted cash—PPP funds		82,188
Investments—Note 3	241,404	350,270
Accounts receivable	73,708	48,037
Pledges receivable—Note 4	20,010	115,306
Prepaid expenses	37,433	95,634
Property and equipment, net—Note 5	3,768	3,302
	<u>\$ 1,600,753</u>	<u>\$ 1,661,308</u>
Total Assets	\$ 1,600,753	\$ 1,661,308

Liabilities and Net Assets

Liabilities		
Accounts payable	\$ 52,875	\$ 40,647
Accrued expenses	61,015	71,935
Liability insurance deductible fund—Note 6	25,000	25,000
Due to related party	43,470	1,169
PPP advance—Note 7		82,188
	<u>182,360</u>	<u>220,939</u>
Total Liabilities	182,360	220,939

Net Assets

Without donor restrictions	1,245,876	1,165,442
With donor restrictions—Note 9	172,517	274,927
	<u>1,418,393</u>	<u>1,440,369</u>
Total Net Assets	1,418,393	1,440,369
Total Liabilities and Net Assets	\$ 1,600,753	\$ 1,661,308

See notes to financial statements.

HomeAid America
Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Support and Revenue			
Contributions and grants	\$ 900,438	\$ 113,708	\$ 1,014,146
CARES Act grant—Note 7	82,188		82,188
In-kind contributions—Note 10	10,695		10,695
Affiliate fees and reimbursements	45,000		45,000
Reimbursed insurance	159,419		159,419
Accounting service fees	14,110		14,110
Interest and dividends	571		571
Special events			
Gross revenue	82,900	10,000	92,900
Less cost of direct benefit to donors	(15,777)		(15,777)
	67,123	10,000	77,123
Special Events, Net			
Total Support and Revenue Before Reclassifications	1,279,544	123,708	1,403,252
Reclassifications			
Net assets released from restrictions	226,118	(226,118)	
Total Support and Revenue After Reclassifications	1,505,662	(102,410)	1,403,252
Expenses			
Program services			
Community outreach	345,551		345,551
Program development and support	803,554		803,554
Management and general	168,443		168,443
Fundraising and development	107,724		107,724
Total Expenses	1,425,272		1,425,272
Change in Net Assets from Operations	80,390	(102,410)	(22,020)
Nonoperating Activities			
Investment return, net	44		44
Total Nonoperating Activities	44		44
Change in Net Assets	80,434	(102,410)	(21,976)
Net Assets at Beginning of Year	1,165,442	274,927	1,440,369
Net Assets at End of Year	\$ 1,245,876	\$ 172,517	\$ 1,418,393

See notes to financial statements.

HomeAid America
Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Support and Revenue			
Contributions and grants	\$ 1,430,091	\$ 207,093	\$ 1,637,184
CARES Act grant—Note 7	80,600		80,600
In-kind contributions—Note 10	12,877		12,877
Affiliate fees and reimbursements	45,000		45,000
Reimbursed insurance	77,340		77,340
Accounting service fees	12,609		12,609
Interest and dividends	1,721		1,721
	1,660,238	207,093	1,867,331
Total Support and Revenue Before Reclassifications			
Reclassifications			
Net assets released from restrictions	249,813	(249,813)	
	1,910,051	(42,720)	1,867,331
Total Support and Revenue After Reclassifications			
Expenses			
Program services	1,070,978		1,070,978
Community outreach	545,848		545,848
Program development and support	150,782		150,782
Management and general	104,332		104,332
Fundraising and development			
	1,871,940		1,871,940
Total Expenses			
	38,111	(42,720)	(4,609)
Change in Net Assets from Operations			
Nonoperating Activities			
Investment return, net	(1,680)		(1,680)
	(1,680)		(1,680)
Total Nonoperating Activities			
	36,431	(42,720)	(6,289)
Change in Net Assets			
	1,129,011	317,647	1,446,658
Net Assets at Beginning of Year			
	\$ 1,165,442	\$ 274,927	\$ 1,440,369

See notes to financial statements.

HomeAid America
Statement of Functional Expenses
Year Ended December 31, 2022

	Community Outreach	Program Development and Support	Total Program Services	Management and General	Fundraising and Development	Special Events	Total
Expenses							
Salaries	\$ 108,129	\$ 320,797	\$ 428,926	\$ 106,615	\$ 72,594	\$	\$ 608,135
Employee benefits	15,794	46,858	62,652	15,573	10,604		88,829
Payroll taxes	8,720	25,869	34,589	8,597	5,854		49,040
Total Personnel Expenses	132,643	393,524	526,167	130,785	89,052		746,004
Accounting and legal				14,000			14,000
Advertising and marketing	15,937		15,937				15,937
Bank and merchant fees				380	1,342		1,722
Affiliate, donor, and volunteer recognition		630	630		48		678
Affiliate grants and designated funding		177,174	177,174				177,174
Affiliate insurance		105,575	105,575				105,575
Affiliate recruitment and staff development		2,488	2,488				2,488
Consultants and independent contractors	53,826	33,693	87,519		7,700		95,219
Cost of direct benefits to donors						15,777	15,777
Delivery and shipping expense	282	397	679	49			728
Depreciation				1,423			1,423
Equipment purchases				653			653
In-kind professional services		6,898	6,898	3,797			10,695
Insurance				731			731
Meals and entertainment				100	129		229
Meetings and conferences		43,184	43,184	5,431	326		48,941
Memberships and subscriptions	9,761	3,031	12,792	2,673	7,155		22,620
Office expense				780			780
Office supplies				2,079			2,079
Postage		31	31	101	238		370
Printing	7,223	2,070	9,293		147		9,440
Public relations	83,852		83,852				83,852
Repairs and maintenance				4,004			4,004
Telecommunications and internet				1,457			1,457
Trade shows	24,380		24,380				24,380
Travel	8,580	34,859	43,439		1,587		45,026
Website expenses	9,067		9,067				9,067
Total Expenses by Function	345,551	803,554	1,149,105	168,443	107,724	15,777	1,441,049
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors						(15,777)	(15,777)
Total Expenses	\$ 345,551	\$ 803,554	\$ 1,149,105	\$ 168,443	\$ 107,724	\$	\$ 1,425,272

See notes to financial statements.

HomeAid America
Statement of Functional Expenses
Year Ended December 31, 2021

	Community Outreach	Program Development and Support	Total Program Services	Management and General	Fundraising and Development	Total
Expenses						
Salaries	\$ 122,934	\$ 325,462	\$ 448,396	\$ 103,347	\$ 70,148	\$ 621,891
Employee benefits	19,985	52,908	72,893	16,800	11,403	101,096
Payroll taxes	9,063	23,992	33,055	7,618	5,171	45,844
Total Personnel Expenses	151,982	402,362	554,344	127,765	86,722	768,831
Accounting and legal	2,669	7,066	9,735	2,242	1,523	13,500
Bank and merchant fees				375	1,425	1,800
Affiliate, donor, and volunteer recognition		1,368	1,368	75	429	1,872
Affiliate grants and designated funding	739,395		739,395			739,395
Affiliate insurance		68,982	68,982			68,982
Computer expense		181	181	218		399
Consultants and independent contractors	112,248	14,387	126,635		4,913	131,548
Delivery and shipping expense	1,232	33	1,265	32		1,297
Depreciation				1,384		1,384
Equipment purchases	1,464	99	1,563		432	1,995
In-kind professional services		5,065	5,065	7,812		12,877
Insurance				1,068		1,068
Meetings and conferences	489	24,606	25,095	3,812		28,907
Meals and entertainment	90	65	155	2,134	172	2,461
Memberships and subscriptions	6,181	2,143	8,324	1,773	7,583	17,680
Office expense		61	61	765		826
Office supplies	373	988	1,361	313	213	1,887
Postage	171	43	214	125	52	391
Printing	28,876	44	28,920		208	29,128
Public relations	5,492		5,492			5,492
Repairs and maintenance	767	2,030	2,797	644	438	3,879
Telecommunications and internet	293	775	1,068	245	167	1,480
Travel	15,781	15,550	31,331		55	31,386
Website expenses	3,475		3,475			3,475
Total Expenses	\$ 1,070,978	\$ 545,848	\$ 1,616,826	\$ 150,782	\$ 104,332	\$ 1,871,940

See notes to financial statements.

HomeAid America
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operations		
Change in net assets	\$ (21,976)	\$ (6,289)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,423	1,384
Realized and unrealized gain (loss) on investments	(44)	1,680
Changes in operating assets and liabilities:		
Increase in accounts receivable	(25,671)	(35,499)
(Increase) decrease in pledges receivable	95,296	(42,681)
(Increase) decrease in prepaid expenses	58,201	54,213
Increase in accounts payable	12,228	19,239
Increase (decrease) in accrued expenses	(10,920)	23,705
Decrease in liability insurance deductible fund		(4,404)
Increase (decrease) in due to related party	42,301	(12,181)
Increase (decrease) in PPP advance	(82,188)	1,588
	68,650	755
Net Cash Provided by Operating Activities		
Purchases of property and equipment	(1,889)	
Purchases of investments in securities	108,910	(240,000)
Proceeds from sales of investments in securities		312,332
	107,021	72,332
Net Cash Provided by Investing Activities		
Net Increase in Cash, Cash Equivalents, and Restricted Cash	175,671	73,087
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	1,048,759	975,672
Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 1,224,430	\$ 1,048,759
Supplementary Disclosures		
Income taxes paid	\$	\$
Interest paid	\$	\$

See notes to financial statements.

**HomeAid America
Notes to Financial Statements
December 31, 2022 and 2021**

Note 1—Organization and Summary of Significant Accounting Policies

Organization—HomeAid America (HomeAid) is a 501(c)(3) charitable, non-profit corporation, which was incorporated in July 1995. HomeAid America was created for the purpose of establishing new HomeAid affiliates throughout the country and assisting existing affiliates in carrying out the HomeAid mission. It accomplishes this through the following:

- I. To establish and expand the number of HomeAid affiliates across the United States.
- II. To provide program and nonprofit management expertise through staff and volunteer resources to the affiliates to help them accomplish their missions.
- III. To enable the sharing of best practices among HomeAid affiliates.
- IV. To assist affiliates to be effective and consistent in their operating procedures as nonprofit community benefit organizations.
- V. To facilitate the availability of financial resources, in-kind donations of services and materials and engagement of other coalition partners for HomeAid affiliates from national sources and affiliations.
- VI. To promote and protect the HomeAid Program brand and identity as a national organization.

HomeAid’s mission is to help people experiencing or at risk of homelessness build new lives through construction, community engagement, and education. HomeAid uses the power of collaboration with local and national builders, trades, suppliers, and community partners to maximize resources and expertise for non-profit service providers to create safe and dignified housing and programmatic facilities to those without a home.

In 2022, through a network of 19 affiliates across 13 states, HomeAid completed 72 new developments, which included several tiny home projects, housing for victims of sex trafficking, foster youth, pregnant minors and their children, veterans, families, and those suffering from developmental disabilities, addictions or medical conditions. These developments created 561 beds, serving over 13,000 people, with a total project value of \$4 million and a cost savings to the service providers of \$3 million.

HomeAid, through its affiliates, continued its outreach programs by engaging over 1,000 volunteers to safely distribute over 4 million basic necessities such as diapers, wipes, clothing and food. HomeAid continues to expand its reach to serve people in communities across the country through community engagement, awareness and education programs. HomeAid assists its affiliate network with capacity building and programmatic support to ensure they are operating effectively and efficiently.

HomeAid currently has 94 new projects under development adding 2,376 beds. To date, HomeAid has completed 1,168 housing developments and has served over 500,000 people who otherwise would have been houseless. Additionally, HomeAid’s public relations and community education programs work to support new initiatives in affiliate markets, that will not only house those who need housing, but also to provide training and skills to those who want to work in the building industry. The HomeAid WORKS program provides the environment, structure to succeed, and opportunities for quality meaningful work at a livable wage for those who are trainable in building industry skills.

HomeAid America Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. HomeAid’s net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of HomeAid and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of HomeAid. These net assets may be used at the discretion of HomeAid’s management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of HomeAid and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit HomeAid to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. It is the policy of HomeAid to record contributions that are restricted by the donor as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Measure of Operations—The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of HomeAid’s community outreach efforts and program development and support. Nonoperating activities are limited to other resources that generate revenue from investments and other activities considered to be of a more unusual or nonrecurring nature.

Recently Adopted Accounting Principle—In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity’s policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. HomeAid adopted ASU No. 2020-07 on a retrospective basis for the year ended December 31, 2022, and has adjusted the presentation of the financial statements accordingly.

HomeAid America
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Income Taxes—The Internal Revenue Service (IRS) has classified HomeAid as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and HomeAid is exempt from California state income taxes from the Franchise Tax Board.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered ‘more likely than not’ to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2022 and 2021. Generally, HomeAid’s information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash, Cash Equivalents, and Restricted Cash—HomeAid considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Restricted cash consists of the PPP advance (see Note 7).

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position to the cash, cash equivalents, and restricted cash total shown in the statements of cash flows at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash Accounts Reported in Statement of Financial Position		
Cash and cash equivalents	\$ 1,224,430	\$ 966,571
Restricted cash—PPP funds		82,188
Total Cash, Cash Equivalents, and Restricted Cash Reported in Statement of Cash Flows	<u><u>\$ 1,224,430</u></u>	<u><u>\$ 1,048,759</u></u>

Investments—Investments in securities are recorded at cost, if purchased, or fair market value, if received as a contribution. Subsequent to acquisition, investments in securities are reported at fair value. Investment income, gains and losses are reported as income without restrictions unless use of the earnings is restricted by the donor.

Property and Equipment—Purchased property and equipment are recorded at cost, and donated assets are recorded at the estimated fair value on the date of receipt. HomeAid depreciates its property and equipment using the straight-line-method over their useful lives, ranging from three to five years. Repairs and maintenance costs are expensed as incurred. It is HomeAid’s policy to treat items under \$500 as operating expenses.

Concentration of Credit Risk—Financial instruments which potentially subject HomeAid to concentrations of credit risk consist of cash and cash equivalents, investments in securities, and receivables.

HomeAid America
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

HomeAid places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Cash held in investment accounts at investment custodians are insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000, per institution. SIPC insurance protects the custody function of the investment custodian; it does not provide protection against fluctuations in market value. At times, such balances are in excess of the FDIC and SIPC coverage limits. Management regularly reviews the financial stability of its cash and money market fund depositories and its allocation of investments and deems the risk of loss due to these concentrations to be minimal.

HomeAid is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. HomeAid's management has assessed the credit risk associated with its cash deposits and investments held at December 31, 2022 and 2021 and believes it is not exposed to any significant credit risk with its cash and cash equivalents and investments, however, due to the current risk and uncertainties affecting financial institutions (see Note 12), the related impact cannot be reasonably estimated at this time.

Accounts and pledges receivable consist of balances due from individuals, local foundations, and corporations. HomeAid had determined that no allowance for potential losses due to uncollectible receivables was necessary at December 31, 2022 and 2021.

During the year ended December 31, 2021, HomeAid received a contribution totaling \$450,000 from a donor in which HomeAid re-granted to a local affiliate. The amount granted to the local affiliate is reflected under the affiliate grants and designated funding caption on the statement of functional expenses.

Contributions and Grants—Contributions and grants are reported as support in the period received and as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expiration of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions in the accompanying statement of activities.

Revenue Recognition—HomeAid's revenue recognition policies are as follows:

Affiliate fees and reimbursed insurance—HomeAid charges charter and license fees to all HomeAid affiliates. In addition, HomeAid purchases liability insurance policies covering HomeAid building projects, special events and directors/officers. HomeAid is reimbursed by the HomeAid affiliates for the cost of these policies. Revenues from affiliate fees and reimbursed insurance are recognized when the service period is completed.

HomeAid America
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Accounting service fees—HomeAid provides accounting services to affiliates for a nominal fee. Revenues are recognized upon providing these services.

Fundraising events—HomeAid conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of benefits received by the participants at the event. HomeAid values such benefits at the actual cost.

In-Kind Contributions—HomeAid records the value of donated materials and services at their fair value at the date of donation. In-kind services are recorded only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Benefits Provided to Donors at Special Events—HomeAid conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. HomeAid values benefits, primarily the meals and entertainment, at the actual cost.

Contracts with Customers—Accounting standards require an organization to recognize revenue arising from contracts with customers at the time the customer obtains control of a contracted goods or service. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Expense—Advertising costs are expensed as incurred and amounted to \$15,937 and \$0 for the years ended December 31, 2022 and 2021, respectively.

HomeAid America
Notes to Financial Statements — Continued

Note 1 — Organization and Summary of Significant Accounting Policies — Continued

Functional Expenses — HomeAid allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are charged directly according to their natural expenditures' classification. Certain costs have been allocated between the program services and supporting services benefitted. The method of expense allocation is as follows:

<u>Allocated Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort
Accounting and legal	Time and effort
Bank and merchant fees	Time and effort
Consultants and independent contractors	Time and effort
Delivery and shipping expense	Time and effort
Equipment purchases	Time and effort
Insurance	Time and effort
In-kind professional services	Time and effort
Meals and entertainment	Time and effort
Meetings and conferences	Time and effort
Memberships and subscriptions	Time and effort
Office expense	Time and effort
Office supplies	Time and effort
Postage	Time and effort
Printing	Time and effort
Rent	Square footage
Repairs and maintenance	Time and effort
Telecommunications and internet	Time and effort
Travel	Time and effort

Note 2 — Availability and Liquidity

HomeAid's goal is generally to maintain financial assets to meet six months of operating expenses (approximately \$600,000). As part of its liquidity plan, HomeAid places its cash in an interest-bearing savings account. The following represents the availability and liquidity of HomeAid's financial assets for general expenditures within one year as of December 31, 2022:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,125,621	\$ 889,138
Accounts receivable	73,708	48,037
Investments	241,404	350,270
Pledges and grants receivable	20,010	115,306
Current Availability of Financial Assets	\$ 1,460,743	\$ 1,402,751

HomeAid America
Notes to Financial Statements—Continued

Note 3—Investments and Fair Value

In determining the fair value of investments, HomeAid utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. HomeAid determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to HomeAid at the measurement date.

Level 2—Valuations based on observable inputs (other than Level 1), such as quoted prices for similar assets at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment.

HomeAid may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by HomeAid to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. HomeAid had no assets or liabilities classified at NAV as a practical expedient during the years ended December 31, 2022 and 2021.

Assets measured at fair value on a recurring basis at December 31, 2022 and 2021 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
2022:				
Certificates of deposit	\$ 240,470	\$	\$ 240,470	\$
Equities	934	934		
	<u>\$ 241,404</u>	<u>\$ 934</u>	<u>\$ 240,470</u>	<u>\$</u>
2021:				
Certificates of deposit	\$ 240,333	\$	\$ 240,333	\$
Fixed income funds	109,937	109,937		
	<u>\$ 350,270</u>	<u>\$ 109,937</u>	<u>\$ 240,333</u>	<u>\$</u>

HomeAid America
Notes to Financial Statements—Continued

Note 3—Investments and Fair Value—Continued

Return on investments for the years ended December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Realized loss on investments	\$	\$ (1,546)
Unrealized gain on investments	194	46
Investment management fees	(150)	(180)
	<u>44</u>	<u>(1,680)</u>
Investment Return, Net	44	(1,680)
Investment interest and dividends	487	1,349
	<u>531</u>	<u>(331)</u>
Total Return on Investments	\$ 531	\$ (331)

Note 4—Pledges Receivable

Pledges receivable at December 31, 2022 and 2021 consist of contributions received from donors not yet settled in cash. Since all amounts are received within one year from the date of the financial statements, no present value discount was recognized at December 31, 2022 and 2021.

Note 5—Property and Equipment, Net

The major classes of property and equipment, net at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Office equipment	\$ 8,804	\$ 6,916
Furniture and fixtures	3,615	4,362
Less accumulated depreciation	(8,651)	(7,976)
	<u>Net \$ 3,768</u>	<u>\$ 3,302</u>

Total depreciation expense recorded for the years ended December 31, 2022 and 2021 was \$1,423 and \$1,383, respectively.

Note 6—Liability Insurance Deductible Fund

HomeAid's current wrap insurance policy, covering its affiliates' shelter projects, has a \$10,000 deductible. Management has adopted a policy requiring each affiliate to fund a pro-rata share of the deductible, with additions to the fund being received from new affiliates. HomeAid has collected money from each affiliate to cover up to two insurance claims and holds the funds in its bank account. The balance being held under this fund as of December 31, 2022 and 2021 was \$25,000 and \$25,000, respectively.

HomeAid America
Notes to Financial Statements—Continued

Note 7—PPP Advance

During the year ended December 31, 2020, HomeAid received a Paycheck Protection Program (PPP) advance in the amount of \$80,600 from the U.S. Small Business Administration (SBA). Upon receipt of the forgiveness letter from the SBA, HomeAid recognized the full amount as PPP grant revenue for the year ended December 31, 2021; this is reported under the CARES Act grant caption in the statement of activities. HomeAid received an additional PPP advance on March 5, 2021, in the amount of \$82,188. HomeAid received notification of forgiveness of the additional PPP advance in July 2022. HomeAid recognized the full amount as PPP grant revenue for the year ended December 31, 2022; this is reported under the CARES Act grant caption in the statement of activities.

Note 8—Commitments and Contingencies

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, management deems the contingency remote since, by accepting the gift and its terms, it is acknowledging the requirements of the grantor at the time of receipt.

Note 9—Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Subject to purpose restrictions:		
WORKS program	\$ 56,000	\$ 76,621
HomeAid affiliates	42,809	83,000
	<u>98,809</u>	<u>159,621</u>
Subject to time restrictions:		
General operations	73,708	115,306
	<u>\$ 172,517</u>	<u>\$ 274,927</u>

Net assets released from donor restrictions for the years ended December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
WORKS program	\$ 77,000	\$ 110,188
HomeAid affiliates	33,812	67,000
Satisfaction of time restrictions:		
General operations	115,306	72,625
	<u>\$ 226,118</u>	<u>\$ 249,813</u>

HomeAid America
Notes to Financial Statements—Continued

Note 10—In-Kind Contributions

During the years ended December 31, 2022 and 2021, donated services totaling \$10,695 and \$12,877, respectively, were received by HomeAid and recorded in the statement of activities under the in-kind contributions caption, and in the in-kind professional services caption in the statement of functional expenses. Donated services are fully utilized for HomeAid's program development and support and are reported without donor restriction. HomeAid measures donated services using comparable market rates for the services rendered.

Note 11—Retirement Plan

HomeAid has a 403(b) retirement program for its employees (program). The program calls for HomeAid to make a discretionary match of 50% of the employees' contribution up to 2% of the employees' annual salary. Employer matching contributions totaled \$7,675 and \$7,504 for the years ended December 31, 2022 and 2021, respectively.

Note 12—Risks and Uncertainties

In March 2023, subsequent to year-end, the shut-down of certain financial institutions raised economic concerns over disruption in the United States (U.S.) banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system, however, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy, which may include limits on access to short-term liquidity in the near term or other adverse effects. As noted in Note 1, HomeAid maintains cash and cash equivalents and investment balances in excess of federally-insured limits. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time.

Note 13—Subsequent Events

Management evaluated all activities of HomeAid America through May 9, 2023, which is the date the financial statements were available to be issued, and concluded that, other than the banking crisis described in Note 12, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.