

Audited Financial Statements

HomeAid America

December 31, 2020 and 2019

Quigley & Miron

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Independent Auditor's Report

Board of Directors
HomeAid America
Los Angeles, California

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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 risks 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 as of December 31, 2020 and 2019, 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.

Other Matter

The financial statements of HomeAid America for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on May 27, 2020. In our opinion, the information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Los Angeles, California
July 20, 2021

A handwritten signature in black ink that reads "Ziegler & Miron". The signature is written in a cursive, flowing style.

HomeAid America
Statements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 895,072	\$ 1,651,508
Restricted cash—PPP funds	80,600	
Investments—Note 3	424,282	
Accounts receivable	12,538	52,019
Pledges receivable—Note 4	72,625	20,000
Prepaid expenses	149,847	24,278
Property and equipment, net—Note 5	4,686	2,739
Deposits		1,173
	<u>Total Assets</u>	<u>Total Assets</u>
	<u>\$ 1,639,650</u>	<u>\$ 1,751,717</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 21,408	\$ 27,213
Accrued expenses	48,230	31,132
Liability insurance deductible fund—Note 6	29,404	25,000
Due to related party	13,350	60,000
Deferred revenue		18,400
PPP advance—Note 7	80,600	
	<u>Total Liabilities</u>	<u>Total Liabilities</u>
	192,992	161,745
Net Assets		
Without donor restrictions	1,129,011	1,224,946
With donor restrictions—Note 9	317,647	365,026
	<u>Total Net Assets</u>	<u>Total Net Assets</u>
	1,446,658	1,589,972
	<u>Total Liabilities and Net Assets</u>	<u>Total Liabilities and Net Assets</u>
	\$ 1,639,650	\$ 1,751,717

See notes to financial statements.

HomeAid America
Statement of Activities
Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities			
Support and Revenue			
Contributions and grants	\$ 657,371	\$ 147,625	\$ 804,996
In-kind contributions	18,588		18,588
Chapter fees and reimbursements	46,020		46,020
Reimbursed insurance	82,974		82,974
Accounting service fees	14,170		14,170
Interest income	2,481		2,481
Other income	1,413		1,413
Special events			
Gross revenue	100,734		100,734
Less cost of direct benefit to donors	(15,722)		(15,722)
Special Events, Net	85,012		85,012
Total Support and Revenue Before Reclassifications	908,029	147,625	1,055,654
Reclassifications			
Net assets released from restrictions	195,004	(195,004)	
Total Support and Revenue After Reclassifications	1,103,033	(47,379)	1,055,654
Expenses			
Program services			
Community outreach	459,541		459,541
Program development and support	454,862		454,862
Management and general	179,246		179,246
Fundraising and development	109,554		109,554
Total Expenses	1,203,203		1,203,203
Change in Net Assets from Operations	(100,170)	(47,379)	(147,549)
Nonoperating Activities			
Investment return, net	4,235		4,235
Total Nonoperating Activities	4,235		4,235
Change in Net Assets	(95,935)	(47,379)	(143,314)
Net Assets at Beginning of Year	1,224,946	365,026	1,589,972
Net Assets at End of Year	\$ 1,129,011	\$ 317,647	\$ 1,446,658

See notes to financial statements.

HomeAid America
Statement of Activities
Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities			
Support and Revenue			
Contributions and grants	\$ 1,006,872	\$ 500,000	\$ 1,506,872
In-kind contributions	8,749		8,749
Chapter fees and reimbursements	42,500		42,500
Reimbursed insurance	84,771		84,771
Interest income	3,709		3,709
Special events			
Gross revenue	111,743		111,743
Less cost of direct benefit to donors	(1,228)		(1,228)
Special Events, Net	110,515		110,515
Total Support and Revenue Before Reclassifications	1,257,116	500,000	1,757,116
Reclassifications			
Net assets released from restrictions	224,974	(224,974)	
Total Support and Revenue After Reclassifications	1,482,090	275,026	1,757,116
Expenses			
Program services			
Community outreach	171,235		171,235
Program development and support	820,954		820,954
Management and general	145,982		145,982
Fundraising and development	92,897		92,897
Total Expenses	1,231,068		1,231,068
Change in Net Assets from Operations	251,022	275,026	526,048
Nonoperating Activities			
Loss on disposal of assets	(455)		(455)
Total Nonoperating Activities	(455)		(455)
Change in Net Assets	250,567	275,026	525,593
Net Assets at Beginning of Year	974,379	90,000	1,064,379
Net Assets at End of Year	\$ 1,224,946	\$ 365,026	\$ 1,589,972

See notes to financial statements.

HomeAid America
Statement of Functional Expenses
Year Ended December 31, 2020

	Community Outreach	Program Development and Support	Total Program Services	Management and General	Fundraising and Development	Special Events	Total
Expenses							
Salaries	\$ 101,046	\$ 285,987	\$ 387,033	\$ 118,505	\$ 76,878	\$	\$ 582,416
Employee benefits	15,461	43,758	59,219	18,132	11,763		89,114
Payroll taxes	7,424	21,010	28,434	8,704	5,648		42,786
Total Personnel Expenses	123,931	350,755	474,686	145,341	94,289		714,316
Accounting and legal				9,000			9,000
Bank and merchant fees				360	1,113		1,473
Chapter, donor, and volunteer recognition		1,011	1,011		28		1,039
Chapter grants and designated funding	239,004		239,004				239,004
Chapter insurance		51,443	51,443				51,443
Computer expense	1,101		1,101				1,101
Consultants and independent contractors	65,503		65,503				65,503
Cost of direct benefits to donors						15,722	15,722
Delivery and shipping expense				149			149
Depreciation				867			867
Equipment purchases				403			403
In-kind services and materials	1,087	8,316	9,403	9,184			18,587
Insurance		6,208	6,208	610			6,818
Meetings and conferences	8	18,080	18,088	3,078	49		21,215
Meals and entertainment	159		159		111		270
Memberships and subscriptions	3,529	1,110	4,639	2,070	8,766		15,475
Office expense	169	417	586	722			1,308
Office supplies				1,177			1,177
Postage		5	5	95	67		167
Printing	1,706	348	2,054		1,161		3,215
Public relations	929		929				929
Rent	3,695	10,494	14,189	4,325	2,833		21,347
Repairs and maintenance	1,061	3,015	4,076	1,242	814		6,132
Telecommunications and internet	421	1,195	1,616	623	323		2,562
Trade shows	11,800		11,800				11,800
Travel	343	2,465	2,808				2,808
Website expenses	5,095		5,095				5,095
Total Expenses by Function	459,541	454,862	914,403	179,246	109,554	15,722	1,218,925
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors						(15,722)	(15,722)
Total Expenses	\$ 459,541	\$ 454,862	\$ 914,403	\$ 179,246	\$ 109,554	\$	\$ 1,203,203

See notes to financial statements.

HomeAid America
Statement of Functional Expenses
Year Ended December 31, 2019

	Community Outreach	Program Development and Support	Total Program Services	Management and General	Fundraising and Development	Special Events	Total
Expenses							
Salaries	\$ 74,498	\$ 242,502	\$ 317,000	\$ 46,082	\$ 65,754	\$	\$ 428,836
Employee benefits	8,152	26,537	34,689	5,043	7,195		46,927
Payroll taxes	5,786	18,836	24,622	3,579	5,107		33,308
Total Personnel Expenses	88,436	287,875	376,311	54,704	78,056		509,071
Accounting and legal				9,000			9,000
Bank and merchant fees				326	1,722		2,048
Chapter, donor, and volunteer recognition		1,308	1,308		297		1,605
Chapter grants and designated funding		375,474	375,474				375,474
Chapter insurance		68,095	68,095				68,095
Computer expense				65			65
Consultants and independent contractors	14,767	23,885	38,652	35,279			73,931
Cost of direct benefits to donors						1,228	1,228
Delivery and shipping expense		179	179	40	115		334
Depreciation				996			996
Equipment purchases				2,136			2,136
Events, programs, and conferences					33		33
In-kind services and materials	3,563		3,563	5,186			8,749
Insurance		5,999	5,999	1,042			7,041
Meetings and conferences	228	23,295	23,523	1,128	181		24,832
Meals and entertainment	797		797	14,441	1,263		16,501
Memberships and subscriptions	3,690	882	4,572	1,335	7,227		13,134
Office expense	67	109	176	972			1,148
Office supplies				2,640			2,640
Postage		15	15	347	133		495
Printing	2,816		2,816		1,698		4,514
Public relations	4,556		4,556				4,556
Rent		5,738	5,738	8,607			14,345
Repairs and maintenance				4,081			4,081
Telecommunications and internet		2,218	2,218	3,326			5,544
Trade shows	31,230		31,230				31,230
Travel	1,419	22,063	23,482	331	2,172		25,985
Website expenses	19,666	3,819	23,485				23,485
Total Expenses by Function	171,235	820,954	992,189	145,982	92,897	1,228	1,232,296
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors						(1,228)	(1,228)
Total Expenses	\$ 171,235	\$ 820,954	\$ 992,189	\$ 145,982	\$ 92,897	\$	\$ 1,231,068

See notes to financial statements.

HomeAid America
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operations		
Change in net assets	\$ (143,314)	\$ 525,593
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	867	996
Realized and unrealized gain on investments	(4,235)	
Loss on disposal of property		455
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	39,481	(46,930)
Increase in pledges receivable	(52,625)	(5,000)
(Increase) decrease in prepaid expenses	(125,569)	29,883
(Increase) decrease in deposits	1,173	(1,173)
Increase (decrease) in accounts payable	(5,805)	15,386
Increase in accrued expenses	17,098	3,950
Increase in liability insurance deductible fund	4,404	
Increase (decrease) in due to related party	(46,650)	60,000
Increase (decrease) in deferred revenue	(18,400)	9,174
Increase in PPP advance	80,600	
Net Cash Provided by (Used in) Operating Activities	(252,975)	592,334
Purchases of property and equipment	(2,814)	
Purchases of investments in securities	(429,589)	
Proceeds from sales of investments in securities	9,542	
Net Cash Used in Investing Activities	(422,861)	
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	(675,836)	592,334
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	1,651,508	1,059,174
Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 975,672	\$ 1,651,508
Supplementary Disclosures		
Income taxes paid	\$	\$
Interest paid	\$	\$

See notes to financial statements.

HomeAid America
Notes to Financial Statements
December 31, 2020 and 2019

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 chapters throughout the country and assisting existing chapters in carrying out the HomeAid mission. It accomplishes this through the following:

- I. To establish and expand the number of HomeAid chapters across the United States.
- II. To provide program and nonprofit management expertise through staff and volunteer resources to the chapters to help them accomplish their missions.
- III. To enable the sharing of best practices among the chapters.
- IV. To assist chapters 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 chapters 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 2020, through a network of 20 chapters across 13 states, HomeAid completed 43 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 over 610 beds, serving nearly 1,200 people, with a total project value of nearly \$9.9 million and a cost savings to the service providers of nearly \$4 million.

Despite the global pandemic, HomeAid, through its chapters, continued its outreach programs by engaging over 1,000 volunteers to safely distribute over 1.8 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 America

Notes to Financial Statements—Continued

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

HomeAid currently has 65 new projects under development adding over 820 beds. To date, HomeAid has completed over 1,000 housing developments and has served over 410,000 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.

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 activities considered to be of a more unusual or nonrecurring nature; no such activities occurred during the years ended December 31, 2020 and 2019.

HomeAid America

Notes to Financial Statements—Continued

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

Recently Adopted Accounting Principles

Restricted Cash—In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU No. 2016-18 clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to present the change in restricted cash and restricted cash equivalents with cash and cash equivalents to reconcile amounts on the balance sheet to the statement of cash flows. Entities are required to disclose the nature of the restrictions, as well as reconcile the totals in the statement of cash flows to cash, cash equivalents, restricted cash, and restricted cash equivalents on the balance sheet when these are shown in more than one line item. HomeAid has adopted ASU No. 2016-18 on a retrospective basis for the year ended December 31, 2020, and has adjusted the presentation of the financial statements accordingly.

Contributions—In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope of the accounting guidance for contributions received and contributions made. The clarifications and improved scope assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) or as exchange (reciprocal) transactions, and 2) determining whether a contribution is conditional. The clarified guidance applies to all entities that receive or make contributions (grants). ASU No. 2018-08 has been adopted by HomeAid for the year ended December 31, 2019, however, the retrospective approach requires that organizations reflect the effect of the new guidance in the earliest year presented in the financial statements. HomeAid has determined that adopting ASU No. 2018-08 has had no material effect on the financial statements.

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, 2020 and 2019. 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.

HomeAid America

Notes to Financial Statements—Continued

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

Cash and Cash Equivalents—HomeAid considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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 statement of cash flows at December 31, 2020:

	<u>2020</u>	<u>2019</u>
Cash Accounts Reported in Statement of Financial Position		
Cash and cash equivalents	\$ 895,072	\$ 1,651,508
Restricted cash—PPP funds	80,600	
Total Cash, Cash Equivalents, and Restricted Cash Reported in Statement of Cash Flows	<u>\$ 975,672</u>	<u>\$ 1,651,508</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 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 / securities brokerage firms 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. 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, 2020.

HomeAid America

Notes to Financial Statements—Continued

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

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:

Chapter fees and reimbursed insurance—HomeAid charges charter and license fees to affiliated HomeAid chapters. In addition, HomeAid purchases liability insurance policies covering HomeAid building projects, special events and directors/officers. HomeAid is reimbursed by the HomeAid chapters for the cost of these policies.

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

In-Kind Contributions—Contributed services are recorded at fair value at the date of donation 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.

In-kind donations consist of the following for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
In-kind services	\$ 11,956	\$ 8,749
In-kind materials	6,632	
Totals	<u>\$ 18,588</u>	<u>\$ 8,749</u>

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.

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
Payroll taxes	Time and effort
Employee benefits	Time and effort
Consultants and independent contractors	Time and effort
Delivery and shipping expense	Time and effort
Insurance	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
Postage	Time and effort
Travel, meetings, and memberships	Time and effort

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.

Reclassifications—Certain amounts in 2019 have been reclassified to conform with the 2020 financial statement presentation.

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 checking account. The following represents the availability and liquidity of HomeAid's financial assets for general expenditures within one year as of December 31, 2020:

Cash and cash equivalents	\$ 730,650
Accounts receivable	12,538
Investments	424,282
Current Availability of Financial Assets	<u><u>\$ 1,167,470</u></u>

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. HomeAid’s Level 1 assets consist of fixed income funds totaling \$424,282 at December 31, 2020.

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. HomeAid had no Level 2 assets or liabilities at December 31, 2020 and 2019.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment. HomeAid had no Level 3 assets or liabilities at December 31, 2020 and 2019.

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, 2020 and 2019.

Return on investments for the year ended December 31, 2020 is as follows:

Realized gain on investments	\$	6,942
Unrealized loss on investments		(2,707)
		<hr/>
Investment Return, Net		4,235
Investment interest and dividends		2,481
		<hr/>
Total Return on Investments	\$	6,716

There were no investments at December 31, 2019.

Note 4—Pledges Receivable

Pledges receivable at December 31, 2020 and 2019 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, 2020 and 2019.

HomeAid America
Notes to Financial Statements—Continued

Note 5—Property and Equipment, Net

The major classes of property and equipment, net at December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Office equipment	\$ 6,916	\$ 4,102
Furniture and fixtures	4,362	4,362
Less accumulated depreciation	(6,592)	(5,725)
Net	<u>\$ 4,686</u>	<u>\$ 2,739</u>

Total depreciation expense recorded for the years ended December 31, 2020 and 2019 was \$867 and \$996, respectively.

Note 6—Liability Insurance Deductible Fund

HomeAid’s current wrap insurance policy covering its chapters’ shelter projects has a \$10,000 deductible. Management has adopted a policy requiring each chapter to fund a pro-rata share of the deductible, with additions to the fund being received from new chapters. HomeAid has collected money from each chapter 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, 2020 and 2019 was \$29,404 and \$25,000, respectively.

Note 7—PPP Advance

On April 23, 2020, HomeAid received \$80,600 in Paycheck Protection Program (PPP) funding from the U.S. Small Business Administration (SBA), in response to the COVID-19 pandemic (see Note 11). While these funds carry loan repayment terms, it is the opinion of management that all funds received will be forgiven under the present terms of the PPP in the upcoming fiscal year. HomeAid has elected to record the PPP grant revenue only upon receipt of the forgiveness letter from the SBA, which was received on February 16, 2021, subsequent to year-end. HomeAid received an additional PPP advance on March 5, 2021, in the amount of \$82,188.

Note 8—Commitments and Contingencies

HomeAid leased office space on a month-to-month basis including office space in Orange County and Colorado. Due to the COVID-19 pandemic (see Note 11), these leases were terminated in 2020. Rent expense for the years ended December 31, 2020 and 2019 totaled \$21,347 and \$14,345, respectively.

HomeAid America
Notes to Financial Statements—Continued

Note 9—Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Subject to purpose restrictions:		
Work force development program	\$ 170,022	\$ 285,026
HomeAid chapters	75,000	50,000
Shelter projects		30,000
	<u>245,022</u>	<u>365,026</u>
Total Subject to Purpose Restrictions	245,022	365,026
Subject to time restrictions:		
General operations	72,625	
	<u>72,625</u>	
Total Net Assets With Donor Restrictions	<u>\$ 317,647</u>	<u>\$ 365,026</u>

Net assets released from donor restrictions for the years ended December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions:		
Work force development program	\$ 115,004	\$ 134,974
HomeAid chapters	50,000	
Volunteer care program		50,000
Shelter projects	30,000	
Veterans projects		30,000
New chapter funding		10,000
	<u>195,004</u>	<u>224,974</u>
Total Net Assets Released from Donor Restrictions	<u>\$ 195,004</u>	<u>\$ 224,974</u>

Note 10—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 \$7,230 and \$6,702 for the years ended December 31, 2020 and 2019, respectively.

HomeAid America

Notes to Financial Statements—Continued

Note 11—Risks and Uncertainties

In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. HomeAid has continued to conduct its activities, primarily on a remote basis, and to monitor the ongoing impact of the pandemic response on its overall operations. At the time of this reporting, the cumulative financial impact of the pandemic on HomeAid, if any, cannot be fully determined, therefore no related adjustment has been made to these financial statements.

Note 12—Recent Accounting Pronouncements

Revenue Recognition—In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. 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. ASU No. 2014-09 is effective for fiscal years after December 15, 2019. Early adoption is permitted for fiscal years beginning after December 15, 2016. The guidance permits the use of either a retrospective or cumulative effect transition method. HomeAid is evaluating whether this will have a material impact on its financial statements.

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2021, with early adoption permitted. HomeAid is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

HomeAid America

Notes to Financial Statements—Continued

Note 12—Recent Accounting Pronouncements—Continued

Gifts-in-Kind—In September 2020, FASB issued 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. ASU No. 2020-07 is to be applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. HomeAid is currently evaluating the impact that the adoption of ASU 2020-07 will have on its financial statements.

Note 13—Subsequent Events

Management evaluated all activities of HomeAid America through July 20, 2021, which is the date the financial statements were available to be issued, and concluded that, other than the forgiveness of the initial PPP advance and the additional round of PPP funding in 2021 described in Note 7, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.