

**Shelter Providers of Orange County, Inc.  
DBA HomeAid Orange County, Inc.**

**Financial Statements**

**For the Years Ended December 31, 2011 and 2010**

Shelter Providers of Orange County, Inc.  
DBA HomeAid Orange County, Inc.  
Financial Statements  
December 31, 2011 and 2010

Table of Contents

Report of Independent Auditors	1
<b><u>Audited Financial Statements</u></b>	
Statements of Financial Position	2
Statements of Activities and Change in Net Assets	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-10



**stafford & warren**  
certified public accountants

## Report of Independent Auditors

To the Board of Directors,  
Shelter Providers of Orange County, Inc.  
DBA HomeAid Orange County, Inc.

We have audited the accompanying statements of financial position of Shelter Providers of Orange County, Inc., DBA HomeAid Orange County, Inc. as of December 31, 2011 and 2010, and the related statements of activities and change in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shelter Providers of Orange County, Inc., DBA HomeAid Orange County, Inc. at December 31, 2011 and 2010, and the results of its activities and change in net assets, functional expenses and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Roger A. Warren, CPA of  
Stafford & Warren, LLP  
July 2, 2012

Shelter Providers of Orange County, Inc.  
 DBA HomeAid Orange County, Inc.  
 Statements of Financial Position  
 December 31, 2011 and 2010

	2011	2010
<b>Assets</b>		
Current assets:		
Cash (Note 2)	\$ 688,975	\$ 607,575
Investments (Note 3)	7,017	7,281
Accounts receivable	-	2,910
Grant receivable	50,000	29,300
Due from HomeAid Inland Empire (Note 5)	776	6,530
Pledges receivable (Note 4)	9,370	29,416
Prepaid expenses and deposits	9,025	9,025
Total current assets	765,163	692,037
Furniture and equipment, net of accumulated depreciation of \$61,206 and \$61,206, respectively (Note 2)	-	-
Total Assets	\$ 765,163	\$ 692,037
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 57,720	\$ 41,547
Total liabilities	57,720	41,547
<b>Net Assets</b>		
Net assets - unrestricted (Note 10)	680,006	624,750
Net assets - temporarily restricted (Note 10)	20,420	18,458
Net assets-permanently restricted (Note 10)	7,017	7,282
Total net assets	707,443	650,490
Total Liabilities and Net Assets	\$ 765,163	\$ 692,037

Shelter Providers of Orange County, Inc.  
 DBA HomeAid Orange County, Inc.  
 Statements of Activities and Change in Net Assets  
 For the Years Ended December 31, 2011 and 2010

	2011	2010	Change
<b>UNRESTRICTED NET ASSETS</b>			
<b>Support and Revenue</b>			
Donated shelter program materials and services (Note 6)	\$ 474,084	\$ 458,954	\$ 15,130
Donations (Note 6)	234,683	207,939	26,744
Grants	79,000	63,300	15,700
Service provider project fee	-	5,421	(5,421)
HomeAid Inland Empire Management fees	72,720	83,760	(11,040)
Interest income (Note 3)	918	3,067	(2,149)
Unrealized gain (loss) from investments (Note 3)	-	(2,367)	2,367
Net assets released from restrictions	35,925	20,944	14,981
Subtotal support and revenue	897,330	841,018	56,312
<b>Fundraising Activity</b>			
Fundraising revenue	698,645	615,891	82,754
Direct fundraising costs	-	302,460	(302,460)
Net Fundraising Activity	698,645	313,431	385,214
Total Support and revenue	1,595,975	1,154,449	441,526
<b>Expenses</b>			
Shelter development program costs	817,020	807,508	9,512
Fundraising costs	217,047	215,324	1,723
Management and administrative costs	195,160	180,865	14,295
Total expenses	1,229,227	1,203,697	25,530
Increase (decrease) in unrestricted net assets	366,748	(49,248)	415,996
<b>TEMPORARILY RESTRICTED NET ASSETS</b>			
Contributions	37,887	21,517	16,370
Net assets released from restrictions	(35,925)	(20,944)	(14,981)
Increase (decrease) in temporarily restricted net assets	1,962	573	1,389
<b>PERMANENTLY RESTRICTED NET ASSETS</b>			
Donations (Note 6)	-	-	-
Interest income (Note 3)	211	129	82
Unrealized gain (loss) from investments (Note 3)	(352)	736	(1,088)
Management fee on OCCF Endowment	(124)	(119)	(5)
Increase (decrease) in permanently restricted net assets	(265)	746	(1,011)
Increase (decrease) in net assets	368,445	(47,929)	416,374
Net assets - beginning of year	650,490	698,419	(47,929)
Net assets - end of year	\$ 1,018,935	\$ 650,490	\$ 368,445

A Fundraising income is higher due to playhouse fundraiser being turned into formal affair and higher ticket prices as per our preliminary analysis

Shelter Providers of Orange County, Inc.  
 DBA HomeAid Orange County, Inc.  
 Statements of Functional Expenses  
 For the Years Ended December 31, 2011 and 2010

Supporting Activities

	Shelter Development Program	Fundraising	Management and Administrative	2011 Total	2010 Total
Donated materials and services	\$ 474,084	\$ -	\$ 71,249	\$ 545,333	\$ 805,577
Shelter project cash expenditures	44,524	-	-	44,524	23,950
Salaries and related costs	258,124	115,642	65,219	438,985	478,245
Accounting	-	-	11,300	11,300	10,700
Administrative	713	20	4,442	5,175	11,447
Advertising	149	3,395	6,211	9,755	14,571
Auction expense	-	8,317	-	8,317	300
Audio and Visual	-	14,735	-	14,735	10,268
Automobile expenses	5,947	1,972	1,134	9,053	5,257
Awards and recognition	1,270	1,108	-	2,378	12,721
Bank and city fees	7	9,048	813	9,868	5,921
Chapter assessment	-	-	2,500	2,500	2,500
Computer expenses	-	-	8,796	8,796	5,637
Conferences and seminars	-	-	1,717	1,717	1,780
Depreciation	-	-	-	-	4,226
Direct mail expense	-	274	-	274	1,880
Insurance	-	-	783	783	1,914
Meals and entertainment	381	-	1,402	1,783	23,684
Office expenses	17,684	5,895	5,895	29,474	27,540
Office supplies	2,904	887	318	4,109	1,185
Outside services	-	19,000	6,951	25,951	5,950
Photography & P/R costs	2,035	1,305	-	3,340	2,161
Playhouse costs	-	3,904	-	3,904	5,795
Postage	1,619	1,640	411	3,670	1,707
Printing	3,417	14,605	744	18,766	14,299
Rentals	37	7,710	-	7,747	12,338
Storage facilities	-	-	4,182	4,182	3,966
Telephone	4,125	4,327	1,093	9,545	10,638
Other costs	-	3,263	-	3,263	-
	<u>\$ 817,020</u>	<u>\$ 217,047</u>	<u>\$ 195,160</u>	<u>\$ 1,229,227</u>	<u>\$ 1,506,157</u>

Shelter Providers of Orange County, Inc.  
 DBA HomeAid Orange County, Inc.  
 Statements of Cash Flows  
 For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>Operating Activities</b>		
Change in net assets	\$ 56,953	\$ (47,929)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	-	4,226
Unrealized (gain) loss from investments	352	1,631
Changes in operating assets and liabilities		
Accounts receivable	2,910	(2,657)
Grants	(20,700)	(29,300)
Due from HomeAid Inland Empire	5,754	(1,103)
Pledges receivable - current	20,046	(14,961)
Pledges receivable - long term	-	3,337
Accounts payable and accrued liabilities	16,173	4,435
Due to HomeAid Inland Empire	-	(100)
Net cash provided (used) by operating activities	<u>81,488</u>	<u>(82,421)</u>
<b>Investing Activities</b>		
Proceeds from redemption of investments	-	536,312
Purchase of investments	(88)	(239,294)
Net cash provided (used) by investing activities	<u>(88)</u>	<u>297,018</u>
<b>Net Increase (Decrease) In Cash</b>	81,400	214,597
Cash - beginning of year	<u>607,575</u>	<u>392,978</u>
Cash - end of year	<u>\$ 688,975</u>	<u>\$ 607,575</u>
<b>Supplemental Disclosure of Noncash Activities</b>		
Donated materials and services	<u>\$ 784,308</u>	<u>\$ 805,577</u>

Shelter Providers of Orange County, Inc.  
DBA HomeAid Orange County, Inc.  
Notes to Financial Statements  
December 31, 2011 and 2010

## 1. Organization and Operations

### Organization

Shelter Providers of Orange County, Inc., DBA HomeAid Orange County, Inc. (the "Organization") is an Internal Revenue Code Section 501(c)(3) charitable, public benefit, not-for-profit organization formed by the Building Industry Association and incorporated in 1989 for the purpose of building and renovating shelters for the transitionally homeless.

### Operations

The Organization receives a substantial portion of its financial support from donated materials and services from third parties and fundraising events. The financial condition of the Organization depends significantly on its ability to raise funds from contributors. A significant reduction in the level of contributor support could affect the Organization's programs and activities. Management of the Organization believes it will continue to have adequate funding sources to maintain its present level of operations.

The Organization's revenue and support generally comes from six sources: donated materials and services, fundraising events, cash donations, grants, project fees from service providers, and providing consulting services to an affiliate. Fundraising income includes, among other things, opportunity drawings, auctions, event sponsorships, event ticket sales and registration fees. Grant income normally is generated from foundation grants for the building or renovation of shelter projects. Donations represent funds received by the Organization or unconditional promises from third parties.

## 2. Summary of Significant Accounting Policies

### Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.



Shelter Providers of Orange County, Inc.  
DBA HomeAid Orange County, Inc.  
Notes to Financial Statements (continued)  
December 31, 2011 and 2010

**2. Summary of Significant Accounting Policies (continued)**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of December 31, 2011 and 2010, and revenues and expenses for the years then ended. Actual results could materially differ from these estimates in the near term.

Concentration of credit 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.

Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Fixed Assets and Depreciation

Purchased furniture and equipment is recorded at cost. Furniture and equipment is depreciated on a straight-line basis over the estimated useful lives of the respective assets, generally five years. Fixed assets were fully depreciated as of December 31, 2010.

Revenues and Expenses

Revenues and expenses from donated materials and services are recorded in the period the materials are provided based on management and donors' estimates of the fair value of the materials and services provided. Revenues and expenses related to fund-raising events are recorded in the period in which the event takes place. Revenues from cash donations are recorded in the period in which an unconditional promise is given or the funds are received by the Organization. Grants are recorded when an award is approved by a foundation or a governmental agency. Other expenses are recorded when incurred.

Shelter Providers of Orange County, Inc.  
 DBA HomeAid Orange County, Inc.  
 Notes to Financial Statements (continued)  
 December 31, 2011 and 2010

**2. Summary of Significant Accounting Policies (continued)**

Recognition of Donor Restricted Contributions

Contributions that are restricted by the donor are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. If the restriction expires in the reporting period in which the contribution is recognized, it is reported as an increase in unrestricted net assets.

Income Taxes

The Organization does not provide for income taxes, as it is a tax-exempt not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code.

**3. Investments**

Investments consist of mutual funds and bond funds and are stated at fair market value. The fair values of investments that are measured on a recurring basis are listed below. The values presented are based on quoted prices in active markets (Level 1 inputs) as follows:

	2011	2010
Mutual Funds	\$ 5,038	\$ 5,315
Bond Funds	1,979	1,966
Total Investments	\$ 7,017	\$ 7,281

Unrealized Gains (Losses) for the years ended December 31, 2011 and 2010 amounted to \$(352) and \$(1,631), respectively. Interest and dividend income for the years ended December 31, 2011 and 2010 amounted to \$1,129 and \$3,196, respectively, and was classified as unrestricted net assets and permanently restricted net assets in the statements of activities.

**4. Pledges Receivable**

Pledges receivable at December 31, 2011 and 2010, the proceeds of which are restricted to the funding of shelter programs, were \$9,370 and \$29,416, respectively.

Shelter Providers of Orange County, Inc.  
DBA HomeAid Orange County, Inc.  
Notes to Financial Statements (continued)  
December 31, 2011 and 2010

**5. Due to/from HomeAid Inland Empire**

The organization collects contributions on behalf of one of its affiliates and acts as pass-through for these funds. It also incurs expenses on behalf of the same affiliate and subsequently gets reimbursed.

**6. Donated Materials and Services**

Donors and sponsors make contributions of materials and services to develop and renovate the Organization's shelter projects as well as donating fundraising items. Donated materials and services included in the Organization's statements of activities and changes in net assets for the years ended December 31, 2011 and 2010 totaling \$784,308 and \$805,577, respectively is based on management and donors' estimates of the fair value of the materials and services provided. The breakdown of donated materials and services reflected in the statements of activities are as follows:

	2011	2010
Donated shelter program materials and services	\$ 474,084	\$ 458,954
Fundraising events	238,975	280,979
Donations	<u>71,249</u>	<u>65,644</u>
Total	<u>\$ 784,308</u>	<u>\$ 805,577</u>

**7. Related Party Transactions**

Certain members of the Board of Directors and their affiliated companies have made cash and in-kind contributions to the Organization for the years ended December 31, 2011 and 2010 totaling \$207,751 and \$193,431, respectively, which have been included in support and revenue in the Organization's statement of activities and change in net assets.

**8. 403(b) Plan**

The Organization sponsors a 403(b) Retirement Savings plan covering all full-time employees who have attained the age of 21 and have completed 90 days of service with the Organization. The Organization makes discretionary matching contributions up to 50% of employee contributions, subject to the approval of the executive committee. The Organization's contribution to the plan was \$0 for the year ended December 31, 2011 and \$0 for the year ended December 31, 2010.

Shelter Providers of Orange County, Inc.  
DBA HomeAid Orange County, Inc.  
Notes to Financial Statements (continued)  
December 31, 2011 and 2010

**9. Commitments and Contingencies**

The Organization leases its office space on a month to month basis. Current monthly lease payments are \$1,629 per month for the first six months of 2012 and \$1,668 for the last six months of 2012.

**10. Temporarily Restricted and Permanently Restricted Net Assets**

The Organization had temporarily restricted net assets of \$20,420 and \$18,448 for the years ended December 31, 2011 and 2010 respectively. These net assets are restricted for specific shelter projects. The Organization has established an endowment fund. The fund is managed by the Orange County Community Foundation. The balance in this fund was \$7,017 and \$7,282 at December 31, 2011 and December 31, 2010, respectively.

**11. Subsequent Events**

Management has evaluated subsequent events through July 2, 2012, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.