

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

Financial Statements

For the Years Ended December 31, 2013 and 2012

Shelter Providers of Orange County, Inc.
DBA HomeAid Orange County, Inc.
Financial Statements
December 31, 2013 and 2012

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

We have audited the accompanying financial statements of HomeAid Orange County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, statements of cash flows, and statements of functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HomeAid Orange County, Inc. as of December 31, 2013 and 2012, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Stafford & Warren, LLP
Irvine, CA

June 26, 2014

Shelter Providers of Orange County, Inc.
 DBA HomeAid Orange County, Inc.
 Statements of Financial Position
 December 31, 2013 and 2012

	2013	2012
Assets		
Current assets:		
Cash (Note 2)	\$ 551,909	\$ 525,973
Cash from pass-through grant (Note 5)	6,250,000	-
Investments (Note 3)	8,563	7,788
Accounts receivable	88,152	-
Grant receivable	8,333	100,000
Pledges receivable (Note 4)	24,380	13,950
Prepaid expenses and deposits	5,205	9,205
Total current assets	6,936,542	656,916
Furniture and equipment, net of accumulated depreciation of \$55,670 and \$55,670, respectively (Note 2)	-	-
Total Assets	\$ 6,936,542	\$ 656,916
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 64,417	\$ 55,435
Pass-through grant (Note 5)	6,250,000	-
Total liabilities	6,314,417	55,435
 Net Assets		
Net assets - unrestricted	546,626	577,685
Net assets - temporarily restricted (Note 10)	66,936	16,008
Net assets - permanently restricted (Note 10)	8,563	7,788
Total net assets	622,125	601,481
Total Liabilities and Net Assets	\$ 6,936,542	\$ 656,916

Shelter Providers of Orange County, Inc.
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 Statements of Activities and Change in Net Assets
 For the Years Ended December 31, 2013 and 2012

	2013	2012
UNRESTRICTED NET ASSETS		
Support and Revenue		
Donated shelter program materials and services (Note 6)	\$ 396,390	\$ 307,353
Donations (Note 6)	334,558	364,710
Investment income (Note 3)	59	48
Grants	75,000	90,000
Net assets released from restrictions	49,297	65,988
Subtotal support and revenue	855,304	828,099
Fundraising Activity		
Fundraising revenue	293,938	400,319
Less direct fundraising costs	(148,177)	(164,766)
Net Fundraising Activity	145,761	235,553
Total Support and revenue	1,001,065	1,063,652
Expenses		
Housing development program costs	482,534	471,866
In the Community program costs	299,058	350,467
Fundraising costs	124,962	167,878
Management and administrative costs	125,570	175,762
Total expenses	1,032,124	1,165,973
Increase (decrease) in unrestricted net assets	(31,059)	(102,321)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	100,225	61,576
Net assets released from restrictions	(49,297)	(65,988)
Increase (decrease) in temporarily restricted net assets	50,928	(4,412)
PERMANENTLY RESTRICTED NET ASSETS		
Investment income (Note 3)	174	159
Unrealized gain (loss) from investments (Note 3)	724	735
Management fee on OCCF Endowment	(123)	(123)
Increase (decrease) in permanently restricted net assets	775	771
Increase (decrease) in net assets	20,644	(105,962)
Net assets - beginning of year	601,481	707,443
Net assets - end of year	\$ 622,125	\$ 601,481

Shelter Providers of Orange County, Inc.
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 Statements of Functional Expenses
 For the Years Ended December 31, 2013 and 2012

Supporting Activities

	<u>Programs</u>		<u>Fundraising</u>	<u>Management and Administrative</u>	<u>2013 Total</u>	<u>2012 Total</u>
	<u>Housing Development</u>	<u>In the Community</u>				
Donated materials and services	\$ 216,433	\$ 179,957	\$ -	\$ 48,222	\$ 444,612	\$ 367,223
Shelter project expenditures	19,709	8,753	-	-	28,462	-
Salaries and related costs	214,862	70,888	50,590	46,671	383,011	409,338
Accounting	-	-	-	11,700	11,700	11,800
Administrative	-	513	41	793	1,347	1,956
Advertising	1,364	5,589	4,119	1,364	12,436	4,688
Auction expense	-	-	11,023	-	11,023	10,694
Audio and Visual	-	-	10,331	-	10,331	16,130
Automobile expenses	3,824	1,644	432	956	6,856	8,847
Awards and recognition	295	7,288	65	-	7,648	11,560
Bank and city fees	-	380	4,105	529	5,014	6,990
Chapter assessment	625	625	625	625	2,500	2,500
Computer expenses	3,194	3,194	3,194	3,194	12,776	3,962
Conferences and seminars	762	60	185	15	1,022	1,246
Direct mail expenses	-	-	718	-	718	184
Insurance	487	487	487	487	1,948	874
Meals and entertainment	607	2,549	972	2,164	6,292	2,784
Office expenses	12,563	4,711	3,141	4,710	25,125	25,169
Office supplies	90	3,313	183	270	3,856	1,349
Outside services	188	254	13,288	188	13,918	59,710
Photography & P/R costs	2,575	2,075	4,493	1,874	11,017	51,939
Playhouse costs	-	-	-	-	-	4,467
Postage	-	337	579	134	1,050	2,295
Printing	-	4,024	4,595	480	9,099	14,731
Rentals	-	-	3,271	-	3,271	5,279
Storage facilities	1,670	278	557	278	2,783	3,108
Telephone	3,286	2,139	1,833	916	8,174	8,900
Other costs	-	-	6,135	-	6,135	3,672
	<u>\$ 482,534</u>	<u>\$ 299,058</u>	<u>\$ 124,962</u>	<u>\$ 125,570</u>	<u>\$ 1,032,124</u>	<u>\$ 1,041,395</u>

Shelter Providers of Orange County, Inc.
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 Statements of Cash Flows
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	<u>2013</u>	<u>2012</u>
Operating Activities		
Change in net assets	\$ 20,644	\$ (105,962)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized (gain) loss from investments	(724)	(735)
Changes in operating assets and liabilities		
Accounts receivable	(88,152)	
Due from HomeAid Inland Empire	-	776
Grants receivable	91,667	(50,000)
Pledges receivable - current	(10,430)	(4,580)
Prepaid expenses and deposits	4,000	(180)
Accounts payable and accrued liabilities	8,982	(2,285)
Pass-through grant	6,250,000	-
Net cash provided (used) by operating activities	<u>6,275,987</u>	<u>(162,966)</u>
Investing Activities		
Proceeds from redemption of investments	-	-
Purchase of investments	(51)	(36)
Net cash provided (used) by investing activities	<u>(51)</u>	<u>(36)</u>
Accounts payable and accrued liabilities (Note 5)		
Net Increase (Decrease) In Cash	6,275,936	(163,002)
Cash - beginning of year	<u>525,973</u>	<u>688,975</u>
Cash - end of year	<u>\$ 6,801,909</u>	<u>\$ 525,973</u>
Supplemental Disclosure of Noncash Activities		
Donated materials and services	<u>\$ 530,863</u>	<u>\$ 461,637</u>
Cash paid for interest	None	None
Cash paid for taxes	None	None

Shelter Providers of Orange County, Inc.
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Notes to Financial Statements
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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. Donated materials include construction materials, household items, and items for HomeAid's Essentials and CareKit programs. Fundraising income includes, among other things, opportunity drawings, auctions, event sponsorships, event ticket sales and registration fees. Grant income normally is generated from government 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.

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Notes to Financial Statements (continued)
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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, 2013 and 2012, 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.

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 Notes to Financial Statements (continued)
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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:

	2013		2012
Mutual Funds	\$ 6,679	\$	5,662
Bond Funds	1,884		2,126
Total Investments	\$ 8,563	\$	7,788

Unrealized Gains (Losses) for the years ended December 31, 2013 and 2012 amounted to \$724 and \$735, respectively. Interest and dividend income for the years ended December 31, 2013 and 2012 amounted to \$233 and \$207, 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, 2013 and 2012, which are all due within one year, were \$24,380 and \$13,950, respectively.

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5. Pass-Through Grant

The organization received a designated grant from the Children and Family Commission of Orange County in the amount of \$6,250,000. This grant will be administered by the Organization and passed through to other non-profits to support the construction and operation of emergency shelters to assist homeless families with children ages 0 to 5 over a five year period. The Organization will receive a management fee to be determined later.

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, 2013 and 2012 totaling \$530,863 and \$461,637, 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:

	2013	2012
Donated shelter program materials and services	\$ 396,390	\$ 307,353
Fundraising events	86,251	94,414
Donations	<u>48,222</u>	<u>59,870</u>
Total	<u>\$ 530,863</u>	<u>\$ 461,637</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, 2013 and 2012 totaling \$172,924 and \$211,445, 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

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8. 403(b) Plan, (Continued)

Organization's contribution to the plan was \$0 for the years ended December 31, 2013 and 2012, respectively.

9. Commitments and Contingencies

The Organization leases its office space on a month to month basis. Current monthly lease payments are \$1,668 per month for the first six months of 2014 and \$1,753 for the last six months of 2014. The Organization also leases storage space on a month to month basis for \$232 per month.

10. Temporarily Restricted and Permanently Restricted Net Assets

The Organization had temporarily restricted net assets of \$66,936 and \$16,008 for the years ended December 31, 2013 and 2012 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's investment (refer to note 3) was \$8,563 and \$7,788 at December 31, 2013 and December 31, 2012, respectively.

11. Subsequent Events

Management has evaluated subsequent events through June 26, 2014, 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.