

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

**Financial Statements**

**For the Years Ended December 31, 2012 and 2011**

Shelter Providers of Orange County, Inc.  
DBA HomeAid Orange County, Inc.  
Financial Statements  
December 31, 2012 and 2011

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**stafford & warren**  
certified public accountants

INDEPENDENT AUDITOR'S REPORT

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, 2012 and 2011, 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, 2012 and 2011, 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  
July 12, 2013

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Shelter Providers of Orange County, Inc.  
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 Statements of Financial Position  
 December 31, 2012 and 2011

	2012	2011
<b>Assets</b>		
Current assets:		
Cash (Note 2)	\$ 525,973	\$ 688,975
Investments (Note 3)	7,788	7,017
Accounts receivable	-	-
Grant receivable	100,000	50,000
Due from HomeAid Inland Empire (Note 5)	-	776
Pledges receivable (Note 4)	13,950	9,370
Prepaid expenses and deposits	9,205	9,025
Total current assets	656,916	765,163
Furniture and equipment, net of accumulated depreciation of \$55,670 and \$55,670, respectively (Note 2)	-	-
Total Assets	\$ 656,916	\$ 765,163
 <b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 55,435	\$ 57,720
Total liabilities	55,435	57,720
 <b>Net Assets</b>		
Net assets - unrestricted	577,685	680,006
Net assets - temporarily restricted (Note 10)	16,008	20,420
Net assets - permanently restricted (Note 10)	7,788	7,017
Total net assets	601,481	707,443
Total Liabilities and Net Assets	\$ 656,916	\$ 765,163

Shelter Providers of Orange County, Inc.  
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 Statements of Activities and Change in Net Assets  
 For the Years Ended December 31, 2012 and 2011

	2012	2011
<b>UNRESTRICTED NET ASSETS</b>		
<b>Support and Revenue</b>		
Donated shelter program materials and services (Note 6)	\$ 307,353	\$ 474,084
Donations (Note 6)	364,710	234,683
Grants	90,000	79,000
HomeAid Inland Empire Management fees	-	72,720
Interest income (Note 3)	48	918
Net assets released from restrictions	65,988	35,925
Subtotal support and revenue	828,099	897,330
<b>Fundraising Activity</b>		
Fundraising revenue	400,319	698,645
Less direct fundraising costs	(164,766)	(311,492)
Net Fundraising Activity	235,553	387,153
Total Support and revenue	1,063,652	1,284,483
<b>Expenses</b>		
Housing development program costs	471,866	817,020
In the Community program costs	350,467	-
Fundraising costs	167,878	217,047
Management and administrative costs	175,762	195,160
Total expenses	1,165,973	1,229,227
Increase (decrease) in unrestricted net assets	(102,321)	55,256
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	61,576	37,887
Net assets released from restrictions	(65,988)	(35,925)
Increase (decrease) in temporarily restricted net assets	(4,412)	1,962
<b>PERMANENTLY RESTRICTED NET ASSETS</b>		
Interest income (Note 3)	159	211
Unrealized gain (loss) from investments (Note 3)	735	(352)
Management fee on OCCF Endowment	(123)	(124)
Increase (decrease) in permanently restricted net assets	771	(265)
Increase (decrease) in net assets	(105,962)	56,953
Net assets - beginning of year	707,443	650,490
Net assets - end of year	\$ 601,481	\$ 707,443

Shelter Providers of Orange County, Inc.  
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 Statements of Functional Expenses  
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Supporting Activities

	<u>Programs</u>			<u>Management and Administrative</u>	<u>2012 Total</u>	<u>2011 Total</u>
	<u>Housing Development</u>	<u>In the Community</u>	<u>Fundraising</u>			
Donated materials and services	\$ 64,648	\$ 242,705	\$ -	\$ 59,870	\$ 367,223	\$ 545,333
Shelter project cash expenditures	121,864	2,714	-	-	124,578	44,524
Salaries and related costs	240,877	71,049	49,277	48,135	409,338	438,985
Accounting	-	-	-	11,800	11,800	11,300
Administrative	-	1,404	163	389	1,956	5,175
Advertising	634	1,222	2,175	657	4,688	9,755
Auction expense	-	-	10,694	-	10,694	8,317
Audio and Visual	-	-	16,130	-	16,130	14,735
Automobile expenses	4,406	1,438	1,902	1,101	8,847	9,053
Awards and recognition	-	9,126	1,593	841	11,560	2,378
Bank and city fees	-	278	6,312	400	6,990	9,868
Chapter assessment	-	-	-	2,500	2,500	2,500
Computer expenses	665	459	815	2,023	3,962	8,796
Conferences and seminars	610	227	53	356	1,246	1,717
Direct mail expense	-	-	184	-	184	274
Insurance	-	-	-	874	874	783
Meals and entertainment	766	719	-	1,299	2,784	1,783
Office expenses	10,067	7,551	2,517	5,034	25,169	29,474
Office supplies	105	243	448	553	1,349	4,109
Outside services	12,250	-	8,875	38,585	59,710	25,951
Photography & P/R costs	10,200	5,640	36,099	-	51,939	3,340
Playhouse costs	-	-	4,467	-	4,467	3,904
Postage	-	692	1,483	120	2,295	3,670
Printing	-	2,151	12,580	-	14,731	18,766
Rentals	-	-	5,279	-	5,279	7,747
Storage facilities	1,864	311	622	311	3,108	4,182
Telephone	2,910	2,538	2,538	914	8,900	9,545
Other costs	-	-	3,672	-	3,672	3,263
	<u>\$ 471,866</u>	<u>\$ 350,467</u>	<u>\$ 167,878</u>	<u>\$ 175,762</u>	<u>\$ 1,165,973</u>	<u>\$ 1,229,227</u>

Shelter Providers of Orange County, Inc.  
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 Statements of Cash Flows  
 For the Years Ended December 31, 2012 and 2011

	2012	2011
<b>Operating Activities</b>		
Change in net assets	\$ (105,962)	\$ 56,953
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Unrealized (gain) loss from investments	(735)	352
Changes in operating assets and liabilities		
Accounts receivable	-	2,910
Grants	(50,000)	(20,700)
Due from HomeAid Inland Empire	776	5,754
Pledges receivable - current	(4,580)	20,046
Prepaid expenses and deposits	(180)	-
Accounts payable and accrued liabilities	(2,285)	16,173
	(162,966)	81,488
Net cash provided (used) by operating activities		
<b>Investing Activities</b>		
Proceeds from redemption of investments	-	-
Purchase of investments	(36)	(88)
	(36)	(88)
Net cash provided (used) by investing activities		
<b>Net Increase (Decrease) In Cash</b>	(163,002)	81,400
<b>Cash - beginning of year</b>	688,975	607,575
<b>Cash - end of year</b>	\$ 525,973	\$ 688,975
<b>Supplemental Disclosure of Noncash Activities</b>		
Donated materials and services	\$ 461,637	\$ 784,308

Shelter Providers of Orange County, Inc.  
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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 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.



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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, 2012 and 2011, 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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**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:

	2012	2011
Mutual Funds	\$ 5,662	\$ 5,038
Bond Funds	2,126	1,979
Total Investments	\$ 7,788	\$ 7,017

Unrealized Gains (Losses) for the years ended December 31, 2012 and 2011 amounted to \$735 and \$(352), respectively. Interest and dividend income for the years ended December 31, 2012 and 2011 amounted to \$207 and \$1,129, 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, 2012 and 2011, the proceeds of which are restricted to the funding of shelter programs, were \$13,950 and \$9,370, respectively.

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**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, 2012 and 2011 totaling \$461,637 and \$784,308, 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:

	<b>2012</b>	<b>2011</b>
Donated shelter program materials and services	\$ 307,353	\$ 474,084
Fundraising events	94,414	238,975
Donations	59,870	71,249
Total	\$ 461,637	\$ 784,308

**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, 2012 and 2011 totaling \$211,445 and \$207,751, 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 years ended December 31, 2012 and 2011, respectively.

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**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 2013 and \$1,753 for the last six months of 2013. 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 \$16,008 and \$20,420 for the years ended December 31, 2012 and 2011 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 \$7,788 and \$7,017 at December 31, 2012 and December 31, 2011, respectively.

**11. Subsequent Events**

Management has evaluated subsequent events though July 12, 2013, 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.