

**Shelter Providers of Northern California, Inc.
(dba HomeAid Northern California)**

Financial Statements

December 31, 2016
(With Comparative Totals for 2015)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Shelter Providers of Northern California, Inc.
(dba HomeAid Northern California)
Walnut Creek, California

We have audited the accompanying financial statements of the Shelter Providers of Northern California, Inc. (dba HomeAid Northern California) (the "Organization"), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 from 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 Shelter Providers of Northern California, Inc. (dba HomeAid Northern California) as of December 31, 2016, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 12, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Armanino LLP
Armanino^{LLP}
San Francisco, California

November 3, 2017

SHELTER PROVIDERS OF NORTHERN CALIFORNIA, INC.
(DBA HOMEAID NORTHERN CALIFORNIA)
Statement of Financial Position
December 31, 2016
(With Comparative Totals for 2015)

ASSETS

	2016	2015
Cash and cash equivalents	\$ 329,083	\$ 246,707
Prepaid expenses and other assets	14,060	-
Investments	395,926	393,656
Total assets	\$ 739,069	\$ 640,363

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 245	\$ 1,831
Accrued liabilities	2,500	2,183
Deferred revenue	5,000	-
Total liabilities	7,745	4,014
Net assets		
Unrestricted		
Undesignated	429,092	441,217
Designated	186,632	186,632
Total unrestricted	615,724	627,849
Temporarily restricted	115,600	8,500
Total net assets	731,324	636,349
Total liabilities and net assets	\$ 739,069	\$ 640,363

The accompanying notes are an integral part of these financial statements.

SHELTER PROVIDERS OF NORTHERN CALIFORNIA, INC.
(DBA HOMEAID NORTHERN CALIFORNIA)
Statement of Activities
For the Year Ended December 31, 2016
(With Comparative Totals for 2015)

	2016			2015 Total
	Unrestricted	Temporarily Restricted	Total	
Revenues, gains and other support				
In-kind project donations	\$ 1,638,550	\$ -	\$ 1,638,550	\$ 147,046
In-kind vendor donations	26,313	-	26,313	62,397
Other donations	30,971	116,589	147,560	52,116
Shelter project fees	-	-	-	6,896
Grant income	30,000	-	30,000	-
Special event revenue, net of expenses of \$199,384	329,638	-	329,638	375,757
Interest income	2,485	-	2,485	2,438
Net assets released from restriction	9,489	(9,489)	-	-
Total revenues, gains and other support	<u>2,067,446</u>	<u>107,100</u>	<u>2,174,546</u>	<u>646,650</u>
Expenses				
Program services	1,946,576	-	1,946,576	615,526
Supporting services				
General and administrative	103,352	-	103,352	66,029
Fundraising	29,643	-	29,643	34,387
Total expenses	<u>2,079,571</u>	<u>-</u>	<u>2,079,571</u>	<u>715,942</u>
Change in net assets	(12,125)	107,100	94,975	(69,292)
Net assets, beginning of year	<u>627,849</u>	<u>8,500</u>	<u>636,349</u>	<u>705,641</u>
Net assets, end of year	<u>\$ 615,724</u>	<u>\$ 115,600</u>	<u>\$ 731,324</u>	<u>\$ 636,349</u>

The accompanying notes are an integral part of these financial statements.

SHELTER PROVIDERS OF NORTHERN CALIFORNIA, INC.
(DBA HOMEAID NORTHERN CALIFORNIA)
Statement of Functional Expenses
For the Year Ended December 31, 2016
(With Comparative Totals for 2015)

	Program Services	Supporting Services		Total	
		General and Administrative	Fundraising	2016	2015
Audit and accounting fees	\$ -	\$ 17,524	\$ -	\$ 17,524	\$ 14,449
Communications and public relations	11,896	-	-	11,896	13,872
In-kind shelter expenses	1,638,550	-	-	1,638,550	351,100
Legal fees	-	6,441	-	6,441	6,525
Office expense	5,291	5,494	835	11,620	5,032
Program and project expenses	131,839	-	-	131,839	20,647
Rent	-	19,797	-	19,797	42,043
Salaries and related costs	159,000	25,126	25,085	209,211	234,363
Other expenses	-	28,970	3,723	32,693	27,911
	<u>\$ 1,946,576</u>	<u>\$ 103,352</u>	<u>\$ 29,643</u>	<u>\$ 2,079,571</u>	<u>\$ 715,942</u>

The accompanying notes are an integral part of these financial statements.

SHELTER PROVIDERS OF NORTHERN CALIFORNIA, INC.
(DBA HOMEAID NORTHERN CALIFORNIA)

Statement of Cash Flows
For the Year Ended December 31, 2016
(With Comparative Totals for 2015)

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 94,975	\$ (69,292)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Loan forgiveness	52,000	-
Change in operating assets and liabilities		
Prepaid expenses and other assets	(14,060)	300
Accounts payable	(1,586)	(1,368)
Accrued liabilities	317	(578)
Deferred revenue	5,000	-
Net cash provided by (used in) operating activities	136,646	(70,938)
 Cash flows from investing activities		
Issuance of loan receivable	(52,000)	-
Purchases of investments	(2,270)	(1,669)
Net cash used in investing activities	(54,270)	(1,669)
 Change in cash and cash equivalents	82,376	(72,607)
Cash and cash equivalents, beginning of year	246,707	319,314
 Cash and cash equivalents, end of year	\$ 329,083	\$ 246,707

The accompanying notes are an integral part of these financial statements.

SHELTER PROVIDERS OF NORTHERN CALIFORNIA, INC.
(DBA HOMEAID NORTHERN CALIFORNIA)
Notes to Financial Statements
December 31, 2016

1. Organization

Shelter Providers of Northern California, Inc. (dba HomeAid Northern California) (the "Organization"), a California Non-Profit Public Benefit Corporation, was established in 1999. The Organization's specific purpose is to build safe, dignified housing where homeless individuals and families can rebuild their lives. The Organization is a licensed chapter of HomeAid America, Inc., which is a national organization dedicated to assisting the temporarily homeless. The Organization is funded through direct cash donations, in-kind donations of labor and materials from representatives of the home building industry, and fundraising activities.

2. Summary of Significant Accounting Policies

Basis of presentation

The financial statements have been prepared on the accrual basis of accounting to conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to non-profit organizations. Net assets of the Organization and changes therein have been classified and are reported as follows:

- Unrestricted - represent unrestricted resources available to support the Organization's operations and temporarily restricted resources that have become available for use by the Organization in accordance with the intentions of the donors. All expenses, revenues, gains, and losses that are not temporarily or permanently restricted by donors are included in this classification.
- Temporarily Restricted - represent contributions whose use by the Organization is limited in accordance with temporary donor-imposed stipulations. These stipulations may expire with time or may be satisfied by the actions of the Organization according to the intention of the donor.
- Permanently Restricted - represent contributions to be held in perpetuity as directed by the donors. The income from these contributions is available to support activities of the Organization as designated by the donors. The Organization does not have any permanently restricted net assets at December 31, 2016.

SHELTER PROVIDERS OF NORTHERN CALIFORNIA, INC.
(DBA HOME AID NORTHERN CALIFORNIA)
Notes to Financial Statements
December 31, 2016

2. Summary of Significant Accounting Policies (continued)

Revenue recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor restriction or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as releases from temporarily restricted net assets and recognized as unrestricted net assets. The Organization follows the policy of reporting donor-imposed restricted contributions and investment income whose restrictions are met in the same period received as unrestricted support.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Cash on deposit usually exceeds federally insured limits. The Organization believes that it mitigates this risk by maintaining deposits with major financial institutions.

Loan receivable

Loan receivable is carried at unpaid principal balances, less an allowance for loan losses. The allowance for loan losses is increased by charges to the change in net assets and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Organization's past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Past due status is determined based on contractual terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. The Organization's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons. There was an allowance of \$52,000 for loan losses at December 31, 2016 to fully reserve for the Organization's loan receivable.

Investments

Investments consist of certificates of deposit. Investments received by donation are recorded at fair value at the date of donation. Net realized and unrealized gains or losses are classified as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by the donor.

SHELTER PROVIDERS OF NORTHERN CALIFORNIA, INC.
(DBA HOMEAID NORTHERN CALIFORNIA)
Notes to Financial Statements
December 31, 2016

2. Summary of Significant Accounting Policies (continued)

Contributions and promises to give

Contributions, including unconditional promises to give, are recognized as revenue in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. The Organization records contributions receivable, net of allowances for uncollectible amounts, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was made and received. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for doubtful contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and current aging of contributions receivable. There were no contributions receivable at December 31, 2016. Contributions of assets other than cash are recorded based on the estimated fair value on the date the contribution is received.

Contributed goods and services

Contributed materials and equipment are reflected as contributions in the accompanying statements at their estimated fair values at date of receipt. Contributed services are reflected in the financial statements at the fair value of the services received. Contributions of services are recognized if the services received (a) create or enhance non-financial 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.

Functional expense allocation

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Expenses, such as facility costs, payroll, and benefits, have been allocated among program services and supporting services based upon the employees' time spent by function.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires Organization management to make estimates and assumptions that affect certain reported amounts and disclosures. Uses of estimates include, but are not limited to, accounting for fair value of investments, functional expense allocation, and the allowance for doubtful contributions receivable and loan losses. Actual results could differ from those estimates.

SHELTER PROVIDERS OF NORTHERN CALIFORNIA, INC.
(DBA HOMEAID NORTHERN CALIFORNIA)
Notes to Financial Statements
December 31, 2016

2. Summary of Significant Accounting Policies (continued)

Income taxes

The Organization is exempt from federal income and California franchise taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code, respectively.

The Organization has evaluated its current tax positions and has concluded that as of December 31, 2016, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

Comparative financial information

The financial statements include certain prior year summarized comparative information in total but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

3. Investments

Investments at December 31, 2016 consisted of the following:

Certificates of deposit	<u>\$395,926</u>
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4. Designated Net Assets

The Board of Directors of the Organization may designate appropriate sums of unrestricted net assets to fund specific future program services. As of December 31, 2016, the Board of Directors had designated \$186,632 of the Organization's unrestricted net assets to the future purchase of a temporary homeless shelter for temporarily homeless individuals and families.

SHELTER PROVIDERS OF NORTHERN CALIFORNIA, INC.
(DBA HOMEAID NORTHERN CALIFORNIA)
Notes to Financial Statements
December 31, 2016

5. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2016 consisted of the following:

DreamCatcher	\$100,600
Claire's House	10,000
Alternatives in Action	<u>5,000</u>
	<u>\$115,600</u>

6. Related-Party Transactions

For the year ended December 31, 2016, the Organization received in-kind pro-bono legal services, in-kind rent, and in-kind tax preparation from related parties in the amounts of \$6,441, \$17,872, and \$2,000, respectively.

7. Subsequent Events

The Organization has evaluated subsequent events through November 3, 2017 the date the financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the Organization's financial statements.