

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

Financial Statements

*For the year ended December 31, 2017
(with comparative totals for 2016)*

Table of Contents

Independent Auditor's Report.....	1
Financial Statements	
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Functional Expenses.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6-9



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, 2017, and the related statement 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 judgement, 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, 2017, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Shelter Providers of Northern California, Inc. (dba HomeAid Northern California) as of December 31, 2016, were audited by other auditors whose report dated November 3, 2017, expressed an unmodified opinion on those statement.

A handwritten signature in black ink that reads "Sweeney Kovar LLP".

Danville, California
October 18, 2018

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

STATEMENT OF FINANCIAL POSITION

December 31, 2017 and 2016

	2017	2016
<u>Assets</u>		
Cash and cash equivalents	\$ 223,800	\$ 213,483
Cash restricted for various projects	2,585	115,600
Receivables	1,950	-
Prepaid expenses	20,120	14,060
Investments	398,054	395,926
Total assets	\$ 646,509	\$ 739,069
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable	\$ 6,877	\$ 245
Accrued expenses	4,202	2,500
Deferred revenue	-	5,000
Total liabilities	11,079	7,745
Net Assets		
Unrestricted		
Undesignated	632,845	429,092
Designated	-	186,632
Total unrestricted	632,845	615,724
Temporarily restricted	2,585	115,600
Total net assets	635,430	731,324
Total liabilities and net assets	\$ 646,509	\$ 739,069

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

STATEMENT OF ACTIVITIES

For the year ended December 31, 2017
(with comparative totals for 2016)

	2017			2016 Total
	Unrestricted	Temporarily Restricted	Total	
Revenues:				
In-kind project donations	\$ 663,136	\$ -	\$ 663,136	\$ 1,638,550
In-kind vendor donations	30,898	-	30,898	26,313
Other donations	37,318	2,585	39,903	147,560
Grant income	205,000	-	205,000	30,000
Special event revenue, net of expenses of \$146,892	363,621	-	363,621	329,638
Other income	3,085	-	3,085	2,485
Net assets released from restrictions	115,600	(115,600)	-	-
Total revenues	1,418,658	(113,015)	1,305,643	2,174,546
Expenses:				
Program services	1,261,395	-	1,261,395	1,946,576
Support services	103,600	-	103,600	103,352
Fundraising	36,542	-	36,542	29,643
Total expenses	1,401,537	-	1,401,537	2,079,571
Change in Net Assets	17,121	(113,015)	(95,894)	94,975
Net assets, beginning of year	615,724	115,600	731,324	636,349
Net assets, end of year	\$ 632,845	\$ 2,585	\$ 635,430	\$ 731,324

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

STATEMENT OF FUNCTIONAL EXPENSE

For the year ended December 31, 2017

(with comparative totals for 2016)

	2017				2016
	Program Services	General and Administrative	Fundraising	Total	Total
In-kind shelter expenses	\$ 663,136	\$ -	\$ -	\$ 663,136	\$ 1,638,550
Shelter project expenses	262,483	-	-	262,483	131,839
Salaries, payroll taxes and employee benefits	170,161	26,890	26,846	223,897	209,211
Grants to other organizations	152,600	-	-	152,600	-
Other expenses	-	25,142	9,010	34,152	32,693
Rent	-	20,379	-	20,379	19,797
Audit and accounting fees	-	18,524	-	18,524	17,524
Office expense	4,348	4,514	686	9,548	11,620
Communications and public relations	8,667	-	-	8,667	11,896
Legal fees	-	8,151	-	8,151	6,441
	<u>\$ 1,261,395</u>	<u>\$ 103,600</u>	<u>\$ 36,542</u>	<u>\$ 1,401,537</u>	<u>\$ 2,079,571</u>

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

STATEMENT OF CASH FLOWS

For the years ended December 31, 2017 and 2016

	2017	2016
Cash flow from operating activities:		
Change in net assets	\$ (95,894)	\$ 94,975
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Loan forgiveness	-	52,000
Changes in operating assets and liabilities:		
Receivables	(1,950)	-
Prepaid expenses	(6,060)	(14,060)
Accounts payable	6,632	(1,586)
Accrued expenses	1,702	317
Deferred revenue	(5,000)	5,000
Net cash provided by operating activities	(100,570)	136,646
Cash flows from investing activities:		
Issuance of loan receivable	-	(52,000)
Purchases of investment	(2,128)	(2,270)
Net cash used by investing activities	(2,128)	(54,270)
Net change in cash	(102,698)	82,376
Cash at the beginning of the year	329,083	246,707
Cash at the end of the year	\$ 226,385	\$ 329,083
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -

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

Notes to Financial Statements

For the years ended December 31, 2017 and 2016

1. Organization

Shelter Providers of Northern California, Inc. (dba HomeAid Northern California) (the "Organization"), a California Non-Profit 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 and Procedures

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

The portion of net assets that is neither temporarily restricted nor permanently restricted by donor-imposed stipulations. All revenues, expenses, gains, and losses that are not temporarily or permanently restricted by donors are included in this classification.

Temporarily Restricted

The portion of net assets whose use by the Organization is limited by donor-imposed stipulations that either will be fulfilled or expire by passage of time.

Permanently Restricted

The portion of net assets whose use by the Organization is limited by donor-imposed stipulations that the net assets be held in perpetuity and its income be used for stipulated purposes. The Organization does not have any permanently restricted net assets as of December 31, 2017.

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 net assets and recognized as unrestricted net assets. The Organization follows the policy of reported donor-imposed restricted contributions and investment income whose restrictions met in the same period received as unrestricted support.

Cash and cash equivalents

For the purpose 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.

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

Notes to Financial Statements (continued)

For the years ended December 31, 2017 and 2016

2. Summary of Significant Accounting Policies and Procedures (continued)

Cash restricted for various projects

Cash restricted for various projects represents cash received to be expended for future project purposes.

Investments

Investments consist of certificates of deposit with maturity dates in excess of three months. Certificates of deposit are typically measured at the amount initially invested plus accrued interest.

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 contribution receivables, 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 the 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 judgement including such factors as prior collection history, type of contributions, and current aging of contributions receivable. There were \$1,950 in contributions receivable in 2017 (\$-0- in 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.

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, respectfully.

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

Notes to Financial Statements (continued)

For the years ended December 31, 2017 and 2016

2. Summary of Significant Accounting Policies and Procedures (continued)

Income taxes (continued)

The Organization has evaluated its current tax positions and has concluded that as of December 31, 2017, 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, 2016, from which the summarized information was derived.

3. 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. In 2016, there was an allowance of \$52,000 for loan losses at December 31, 2016 to fully reserve for the Organization's loan receivable. Accordingly, the net receivable balance at 2016 totaled \$-0- (\$52,000 loan net of \$52,000 loan reserve). In 2017, management forgave the loan and accordingly the loan balance of \$52,000 and corresponding loan reserve of \$52,000 was removed from the books.

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, 2017, the Board of Directors eliminated the \$186,632 in Board designated assets (carryover from 2016) and moved the funds back to unrestricted net assets. These monies were previously restricted by the Board for the future purchase of a temporary homeless shelter.

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

**Notes to Financial Statements
(continued)**

For the years ended December 31, 2017 and 2016

5. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following as of December 31, 2017 and 2016:

	2017	2016
Veterans Project	\$ 2,585	\$ -
DreamCatcher	-	100,600
Claire's House	-	10,000
Alternatives in Action	-	5,000
	\$ 2,585	\$ 115,600

6. Related-Party Transactions

For the year ended December 31, 2017, the Organization received in-kind pro-bono legal services, in-kind rent, in-kind tax preparation, and in-kind travel from related parties in the amounts of \$8,136, \$17,872, \$2,000, and \$2,890 respectfully (\$6,441, \$17,872, \$2,000, & \$-0- respectfully in 2016).

7. Recent Accounting Pronouncements

In August 2016, FASB issued Accounting Standards Update No. 2016-14 ("ASU 2016-14"), Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 eliminates the distinction between permanent and temporary restrictions and requires not-for-profit entities to report net assets under two classes (net assets with donor restrictions and net assets without donor restrictions) instead of three classes and requires enhanced disclosures regarding management's self-imposed restrictions on resources without donor restrictions, composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources, among other changes. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Organization has not elected early adoption and accordingly the above-listed changes will be effective for the subsequent audit year.

8. Subsequent Events

The Organization has evaluated subsequent events through October 18, 2018, 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.