

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

Financial Statements

*For the year ended December 31, 2018
(with comparative totals for 2017)*

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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, 2018, 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, 2018, 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.

Sweeney Kovar LLP

Danville, California
October 31, 2019

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

STATEMENT OF FINANCIAL POSITION

December 31, 2018 and 2017

	2018	2017
<u>Assets</u>		
Cash and cash equivalents	\$ 130,087	\$ 223,800
Cash restricted for various projects	64,160	2,585
Receivables	-	1,950
Prepaid expenses	7,901	20,120
Investments	400,279	398,054
Total assets	\$ 602,427	\$ 646,509
<u>Liabilities and Net Assets</u>		
Liabilities		
Accounts payable	\$ 2,673	\$ 6,877
Accrued expenses	3,517	4,202
Total liabilities	6,190	11,079
Net Assets		
Without Donor Restrictions	532,077	632,845
With Donor Restrictions	64,160	2,585
Total net assets	596,237	635,430
Total liabilities and net assets	\$ 602,427	\$ 646,509

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

STATEMENT OF ACTIVITIES

For the year ended December 31, 2018
(with comparative totals for 2017)

	2018			2017 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues:				
In-kind project donations	\$ 736,359	\$ -	\$ 736,359	\$ 663,136
In-kind vendor donations	20,466	-	20,466	30,898
Other donations	60,233	-	60,233	39,903
Grant income	10,000	-	10,000	205,000
Special event revenue, net of expenses of \$90,555	215,374	61,575	276,949	363,621
Other income	3,036	-	3,036	3,085
Net assets released from restrictions	-	-	-	-
Total revenues	1,045,468	61,575	1,107,043	1,305,643
Expenses:				
Program services	1,027,242	-	1,027,242	1,261,395
Support services	87,579	-	87,579	103,600
Fundraising	31,415	-	31,415	36,542
Total expenses	1,146,236	-	1,146,236	1,401,537
Change in Net Assets	(100,768)	61,575	(39,193)	(95,894)
Net assets, beginning of year	632,845	2,585	635,430	731,324
Net assets, end of year	\$ 532,077	\$ 64,160	\$ 596,237	\$ 635,430

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

STATEMENT OF FUNCTIONAL EXPENSE

For the year ended December 31, 2018
(with comparative totals for 2017)

	2018				2017
	Program Services	General and Administrative	Fundraising	Total	Total
In-kind shelter expenses	\$ 736,359	\$ -	\$ -	\$ 736,359	\$ 663,136
Shelter project expenses	67,929	-	-	67,929	262,483
Salaries, payroll taxes and employee benefits	188,484	32,917	23,899	245,300	223,897
Grants to other organizations	1,230	-	-	1,230	152,600
Other expenses	-	13,608	6,840	20,448	34,152
Rent	-	19,600	-	19,600	20,379
Audit and accounting fees	-	16,415	-	16,415	18,524
Office expense	4,282	4,445	676	9,403	9,548
Communications and public relations	28,958	-	-	28,958	8,667
Legal fees	-	594	-	594	8,151
	<u>\$ 1,027,242</u>	<u>\$ 87,579</u>	<u>\$ 31,415</u>	<u>\$ 1,146,236</u>	<u>\$ 1,401,537</u>

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

STATEMENT OF CASH FLOWS

For the years ended December 31, 2018 and 2017

	2018	2017
Cash flow from operating activities:		
Change in net assets	\$ (39,193)	\$ (95,894)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Changes in operating assets and liabilities:		
Receivables	1,950	(1,950)
Prepaid expenses	12,219	(6,060)
Accounts payable	(4,204)	6,632
Accrued expenses	(685)	1,702
Deferred revenue	-	(5,000)
Net cash provided by operating activities	(29,913)	(100,570)
Cash flows from investing activities:		
Purchases of investment	(2,225)	(2,128)
Net cash used by investing activities	(2,225)	(2,128)
Net change in cash	(32,138)	(102,698)
Cash at the beginning of the year	226,385	329,083
Cash at the end of the year	\$ 194,247	\$ 226,385
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, 2018 and 2017

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:

Without Donor Restrictions

The portion of net assets that are not subject to donor-imposed stipulations. All revenues, expenses, gains, and losses that are not restricted by donors are included in this classification.

With Donor Restrictions

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

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, 2018 and 2017

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 no contributions receivable in 2018 (\$1,950 in 2017). 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 the 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

(continued)

For the years ended December 31, 2018 and 2017

2. Summary of Significant Accounting Policies and Procedures (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, 2018, 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, 2017, from which the summarized information was derived.

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.

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09), which requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity also should disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The new standard is effective for the Organization for fiscal years beginning after December 15, 2018 (as amended in August 2015 by ASU No. 2015-14, Deferral of Effective Date). The Organization is currently assessing the impact of the new standard on its financial statements.

In January 2016, the FASB issued ASU No. 2016-01, Recognition and Measurement of Financial Assets and Liabilities (ASU 2016-01). ASU 2016-01 addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The ASU is effective for not-for-profit entities for fiscal years beginning after December 15, 2018, with early adoption restricted to certain provisions and within certain time periods. The new standard impacts financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. The Organization is currently assessing the impact of the new standard on its financial statements.

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

Notes to Financial Statements

(continued)

For the years ended December 31, 2018 and 2017

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

Recent Accounting Pronouncements (continued)

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) (ASU 2016-02). The amendments in ASU 2016-02 create FASB ASC Topic 842, Leases, and supersede the requirements in ASC Topic 840, Leases. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under ASC Topic 840. Under the guidance of ASU 2016-02, a lessee should recognize in the balance sheet a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The accounting applied by a lessor under ASU 2016-02 is largely unchanged from that applied under ASC Topic 840. The Organization is currently assessing the impact of the new standard on its financial statements.

In June 2018, the FASB issued ASU No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08). ASU 2018-08 was issued to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU are intended to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance; and (2) determining whether a contribution is conditional. The ASU is effective for years beginning after December 15, 2018. The Organization is currently assessing the impact of the new standard on its financial statements.

3. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2018 and 2017:

	2018	2017
Evening of Believing	\$ 61,575	\$ -
Veterans Project	2,585	2,585
	\$ 64,160	\$ 2,585

4. Related-Party Transactions

For the year ended December 31, 2018, the Organization received in-kind pro-bono legal services, in-kind rent and in-kind tax preparation from related parties in the amounts of \$594, \$17,872, and \$2,000 respectively. 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 totaling \$8,136, \$17,872, \$2,000, & \$2,890 respectively.

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

Notes to Financial Statements

(continued)

For the years ended December 31, 2018 and 2017

5. Liquidity and Availability

Total Assets	\$ 602,427
Less:	
Net assets with donor restrictions	(64,160)
Land, building and equipment, net	-
Financial assets available within one year	<u>\$ 538,267</u>

The Organization manages its financial assets to be available as its operating expenditures, liability and other obligations come due. If necessary, the Board has the capacity to designate a portion of any operating surplus to its liquidity reserve (\$-0- reserved as of December 31, 2018).

6. Subsequent Events

The Organization has evaluated subsequent events through October 31, 2019, 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.