

Audited Financial Statements



December 31, 2023 and 2022

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Independent Auditor's Report

Board of Directors
HomeAid America
Irvine, California

Opinion

We have audited the accompanying financial statements of HomeAid America (HomeAid), a nonprofit organization, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HomeAid as of December 31, 2023 and 2022, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of HomeAid and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HomeAid's ability to continue as a going concern for one year after the date that the financial statements are issued.


Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 HomeAid’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HomeAid’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

A handwritten signature in black ink, reading "Twiggley & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California
June 26, 2024

HomeAid America
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 1,749,315	\$ 1,224,430
Investments—Note 3	248,726	241,404
Accounts receivable	70,272	73,708
Pledges receivable—Note 4	20,010	20,010
Prepaid expenses	190,182	37,433
Property and equipment, net—Note 5	3,371	3,768
Total Assets	\$ 2,281,876	\$ 1,600,753
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 168,927	\$ 52,875
Accrued expenses	64,935	61,015
Liability insurance deductible fund—Note 6	25,000	25,000
Due to related party	16,169	43,470
Total Liabilities	275,031	182,360
Net Assets		
Without donor restrictions	1,580,311	1,245,876
With donor restrictions—Note 9	426,534	172,517
Total Net Assets	2,006,845	1,418,393
Total Liabilities and Net Assets	\$ 2,281,876	\$ 1,600,753

See notes to financial statements.

HomeAid America
Statement of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Support and Revenue			
Contributions and grants	\$ 1,291,910	\$ 1,719,030	\$ 3,010,940
CARES Act grant—Note 7	171,680		171,680
In-kind contributions—Note 10	18,105		18,105
Affiliate fees	47,500		47,500
Reimbursed insurance	100,011		100,011
Accounting service fees	14,277		14,277
Interest and dividends	11,476		11,476
Other income	450		450
Special events			
Gross revenue	98,290		98,290
Less cost of direct benefit to donors	(28,347)		(28,347)
Special Events, Net	69,943		69,943
Total Support and Revenue Before Reclassifications	1,725,352	1,719,030	3,444,382
Reclassifications			
Net assets released from restrictions	1,465,013	(1,465,013)	
Total Support and Revenue After Reclassifications	3,190,365	254,017	3,444,382
Expenses			
Program services			
Community outreach	246,150		246,150
Program development and support	2,271,960		2,271,960
Management and general	193,046		193,046
Fundraising and development	144,822		144,822
Total Expenses	2,855,978		2,855,978
Change in Net Assets from Operations	334,387	254,017	588,404
Nonoperating Activities			
Investment return, net—Note 3	48		48
Total Nonoperating Activities	48		48
Change in Net Assets	334,435	254,017	588,452
Net Assets at Beginning of Year	1,245,876	172,517	1,418,393
Net Assets at End of Year	\$ 1,580,311	\$ 426,534	\$ 2,006,845

See notes to financial statements.

HomeAid America
Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Support and Revenue			
Contributions and grants	\$ 900,438	\$ 113,708	\$ 1,014,146
CARES Act grant—Note 7	82,188		82,188
In-kind contributions—Note 10	10,695		10,695
Affiliate fees	45,000		45,000
Reimbursed insurance	159,419		159,419
Accounting service fees	14,110		14,110
Interest and dividends	571		571
Special events			
Gross revenue	82,900	10,000	92,900
Less cost of direct benefit to donors	(15,777)		(15,777)
Special Events, Net	67,123	10,000	77,123
Total Support and Revenue Before Reclassifications	1,279,544	123,708	1,403,252
Reclassifications			
Net assets released from restrictions	226,118	(226,118)	
Total Support and Revenue After Reclassifications	1,505,662	(102,410)	1,403,252
Expenses			
Program services			
Community outreach	345,551		345,551
Program development and support	803,554		803,554
Management and general	168,443		168,443
Fundraising and development	107,724		107,724
Total Expenses	1,425,272		1,425,272
Change in Net Assets from Operations	80,390	(102,410)	(22,020)
Nonoperating Activities			
Investment return, net—Note 3	44		44
Total Nonoperating Activities	44		44
Change in Net Assets	80,434	(102,410)	(21,976)
Net Assets at Beginning of Year	1,165,442	274,927	1,440,369
Net Assets at End of Year	\$ 1,245,876	\$ 172,517	\$ 1,418,393

See notes to financial statements.

HomeAid America
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services			Management and General	Fundraising and Development	Special Events	Total
	Community Outreach	Program Development and Support	Total Program Services				
Expenses							
Salaries	\$ 97,202	\$ 390,994	\$ 488,196	\$ 126,546	\$ 90,642	\$	\$ 705,384
Employee benefits	13,139	52,853	65,992	17,106	12,252		95,350
Payroll taxes	7,265	29,225	36,490	9,459	6,775		52,724
Total Personnel Expenses	117,606	473,072	590,678	153,111	109,669		853,458
Accounting and legal				15,040			15,040
Advertising and marketing	1,580		1,580				1,580
Affiliate, donor, and volunteer recognition		1,997	1,997		47		2,044
Affiliate grants and designated funding		1,488,247	1,488,247				1,488,247
Affiliate insurance		186,788	186,788				186,788
Affiliate recruitment and staff development	41	665	706	420			1,126
Bank and merchant fees		6	6	617	2,990		3,613
Computer expense				79			79
Consultants and independent contractors	45,886	29,052	74,938		29,895		104,833
Cost of direct benefits to donors						28,347	28,347
Delivery and shipping expense	20	48	68				68
Depreciation				1,527			1,527
Equipment purchases	1,542	622	2,164				2,164
In-kind professional services		4,548	4,548	13,557			18,105
Insurance		13,054	13,054	870			13,924
Meals and entertainment	76		76	35			111
Meetings and conferences	2,346	48,429	50,775	2,591	46		53,412
Memberships and subscriptions	13,446	2,715	16,161	2,333	567		19,061
Office expense				720			720
Office supplies	191	779	970	249	178		1,397
Postage	76	125	201	187	353		741
Printing	3,532	1,746	5,278		22		5,300
Public relations	35,724		35,724				35,724
Repairs and maintenance	991	1,390	2,381	1,444	371		4,196
Telecommunications and internet	205	823	1,028	266	190		1,484
Trade shows	21,805		21,805				21,805
Travel	258	17,854	18,112		494		18,606
Website expenses	825		825				825
Total Expenses by Function	246,150	2,271,960	2,518,110	193,046	144,822	28,347	2,884,325
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors						(28,347)	(28,347)
Total Expenses	\$ 246,150	\$ 2,271,960	\$ 2,518,110	\$ 193,046	\$ 144,822	\$	\$ 2,855,978

See notes to financial statements.

HomeAid America
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services			Management and General	Fundraising and Development	Special Events	Total
	Community Outreach	Program Development and Support	Total Program Services				
Expenses							
Salaries	\$ 108,129	\$ 320,797	\$ 428,926	\$ 106,615	\$ 72,594	\$	\$ 608,135
Employee benefits	15,794	46,858	62,652	15,573	10,604		88,829
Payroll taxes	8,720	25,869	34,589	8,597	5,854		49,040
Total Personnel Expenses	132,643	393,524	526,167	130,785	89,052		746,004
Accounting and legal				14,000			14,000
Advertising and marketing	15,937		15,937				15,937
Affiliate, donor, and volunteer recognition		630	630		48		678
Affiliate grants and designated funding		177,174	177,174				177,174
Affiliate insurance		105,575	105,575				105,575
Affiliate recruitment and staff development		2,488	2,488				2,488
Bank and merchant fees				380	1,342		1,722
Consultants and independent contractors	53,826	33,693	87,519		7,700		95,219
Cost of direct benefits to donors						15,777	15,777
Delivery and shipping expense	282	397	679	49			728
Depreciation				1,423			1,423
Equipment purchases				653			653
In-kind professional services		6,898	6,898	3,797			10,695
Insurance				731			731
Meetings and conferences		43,184	43,184	5,431	326		48,941
Meals and entertainment				100	129		229
Memberships and subscriptions	9,761	3,031	12,792	2,673	7,155		22,620
Office expense				780			780
Office supplies				2,079			2,079
Postage		31	31	101	238		370
Printing	7,223	2,070	9,293		147		9,440
Public relations	83,852		83,852				83,852
Repairs and maintenance				4,004			4,004
Telecommunications and internet				1,457			1,457
Trade shows	24,380		24,380				24,380
Travel	8,580	34,859	43,439		1,587		45,026
Website expenses	9,067		9,067				9,067
Total Expenses by Function	345,551	803,554	1,149,105	168,443	107,724	15,777	1,441,049
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors						(15,777)	(15,777)
Total Expenses	\$ 345,551	\$ 803,554	\$ 1,149,105	\$ 168,443	\$ 107,724	\$	\$ 1,425,272

See notes to financial statements.

HomeAid America
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operations		
Change in net assets	\$ 588,452	\$ (21,976)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,527	1,423
Unrealized gain on investments	(48)	(44)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	3,436	(25,671)
Decrease in pledges receivable		95,296
(Increase) decrease in prepaid expenses	(152,749)	58,201
Increase in accounts payable	116,052	12,228
Increase (decrease) in accrued expenses	3,920	(10,920)
Increase (decrease) in due to related party	(27,301)	42,301
Decrease in PPP advance		(82,188)
Net Cash Provided by Operating Activities	<u>533,289</u>	<u>68,650</u>
 Purchases of property and equipment	(1,130)	(1,889)
Purchases of investments in securities	(6,341)	108,910
Proceeds from sales of investments in securities	(933)	
Net Cash Provided by (Used in) Investing Activities	<u>(8,404)</u>	<u>107,021</u>
Net Increase in Cash and Cash Equivalents	524,885	175,671
Cash and Cash Equivalents at Beginning of Year	<u>1,224,430</u>	<u>1,048,759</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,749,315</u></u>	<u><u>\$ 1,224,430</u></u>
Supplementary Disclosures		
Income taxes paid	<u>\$</u>	<u>\$</u>
Interest paid	<u>\$</u>	<u>\$</u>

See notes to financial statements.

HomeAid America
Notes to Financial Statements
December 31, 2023 and 2022

Note 1—Organization and Summary of Significant Accounting Policies

Organization—HomeAid America (HomeAid) is a 501(c)(3) charitable, non-profit corporation, which was incorporated in July 1995. HomeAid America was created for the purpose of establishing new HomeAid affiliates throughout the country and assisting existing affiliates in carrying out the HomeAid mission. It accomplishes this through the following:

- I. To establish and expand the number of HomeAid affiliates across the United States.
- II. To provide program and nonprofit management expertise through staff and volunteer resources to the affiliates to help them accomplish their missions.
- III. To enable the sharing of best practices among HomeAid affiliates.
- IV. To assist affiliates to be effective and consistent in their operating procedures as nonprofit community benefit organizations.
- V. To facilitate the availability of financial resources, in-kind donations of services and materials and engagement of other coalition partners for HomeAid affiliates from national sources and affiliations.
- VI. To promote and protect the HomeAid Program brand and identity as a national organization.

HomeAid's mission is to help people experiencing or at risk of homelessness build new lives through construction, community engagement, and education. HomeAid uses the power of collaboration with local and national builders, trades, suppliers, and community partners to maximize resources and expertise for non-profit service providers to create safe and dignified housing and programmatic facilities to those without a home.

In 2023, through a network of 19 affiliates across 13 states and the District of Columbia, HomeAid completed 104 new projects, which included several tiny home projects, housing for victims of sex trafficking, foster youth, pregnant minors and their children, veterans, families, and those suffering from developmental disabilities, addictions or medical conditions. These developments created 666 beds, serving over 14,000 people, with a total project value of \$9 million and a cost savings to the service providers of \$5 million.

HomeAid, through its affiliates, continued its outreach programs by engaging over 1,100 volunteers to safely distribute over 2.4 million basic necessities such as diapers, wipes, clothing and food. HomeAid continues to expand its reach to serve people in communities across the country through community engagement, awareness and education programs. HomeAid assists its affiliate network with capacity building and programmatic support to ensure they are operating effectively and efficiently.

HomeAid currently has over 100 new projects under development adding over 2,000 beds. To date, HomeAid has completed 1,269 housing developments and has served over 800,000 people who otherwise would have been houseless. Additionally, HomeAid's public relations and community education programs work to support new initiatives in affiliate markets, that will not only house those who need housing, but also to provide training and skills to those who want to work in the building industry. The HomeAid WORKS program provides the environment, structure to succeed, and opportunities for quality meaningful work at a livable wage for those who are trainable in building industry skills.

HomeAid America
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. HomeAid's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of HomeAid and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of HomeAid. These net assets may be used at the discretion of HomeAid's management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of HomeAid and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit HomeAid to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. It is the policy of HomeAid to record contributions that are restricted by the donor as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Measure of Operations—The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of HomeAid's community outreach efforts and program development and support. Nonoperating activities are limited to other resources that generate revenue from investments and other activities considered to be of a more unusual or nonrecurring nature.

Recently Adopted Accounting Principles

Gifts-in-Kind—In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity's policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. HomeAid adopted ASU No. 2020-07 on a retrospective basis for the year ended December 31, 2022, and has adjusted the presentation of the financial statements accordingly.

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This amendment is applicable to leases with terms exceeding 12 months and requires lessees to recognize the assets and related liabilities that arise from leases in the statement of financial position. Additionally, in July 2018, FASB issued ASU 2018-11 *Leases (Topic 842)—Targeted Improvements*, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative effect adjustment to the opening balance of net assets without donor restrictions in the period of adoption. Since the HomeAid has no leases with terms exceeding one year as of the year ended December 31, 2023, the HomeAid has adopted ASU No. 2016-02 and its related amendments on a prospective basis, with no resulting impact on the financial statement presentation.

HomeAid America
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Income Taxes—The Internal Revenue Service (IRS) has classified HomeAid as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and HomeAid is exempt from California state income taxes from the Franchise Tax Board.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered ‘more likely than not’ to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2023 and 2022. Generally, HomeAid’s information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash and Cash Equivalents—Cash and cash equivalents consist of balances in checking and savings accounts at banks. HomeAid considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments—Investments in securities are recorded at cost, if purchased, or fair market value, if received as a contribution. Subsequent to acquisition, investments in securities are reported at fair value. Investment income, gains and losses are reported as income without restrictions unless use of the earnings is restricted by the donor.

Property and Equipment—Purchased property and equipment are recorded at cost, and donated assets are recorded at the estimated fair value on the date of receipt. HomeAid depreciates its property and equipment using the straight-line-method over their useful lives, ranging from three to five years. Repairs and maintenance costs are expensed as incurred. It is HomeAid’s policy to treat items under \$1,000 as operating expenses.

Concentration of Credit Risk—Financial instruments which potentially subject HomeAid to concentrations of credit risk consist of cash and cash equivalents, investments in securities, and receivables.

HomeAid places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Cash held in investment accounts at investment custodians are insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000, per institution. SIPC insurance protects the custody function of the investment custodian; it does not provide protection against fluctuations in market value. At times, such balances are in excess of the FDIC and SIPC coverage limits. Management regularly reviews the financial stability of its cash and money market fund depositories and its allocation of investments and deems the risk of loss due to these concentrations to be minimal.

HomeAid is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. HomeAid’s management has assessed the credit risk associated with its cash deposits and investments held at December 31, 2023 and 2022 and believes it is not exposed to any significant credit risk with its cash and cash equivalents and investments, however, due to the current risk and uncertainties affecting financial institutions (see Note 12), the related impact cannot be reasonably estimated at this time.

Accounts and pledges receivable consist of balances due from individuals, local foundations, and corporations. HomeAid had determined that no allowance for potential losses due to uncollectible receivables was necessary at December 31, 2023 and 2022.

HomeAid America
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Contributions and Grants—Contributions and grants are reported as support in the period received and as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expiration of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions in the accompanying statement of activities.

Revenue Recognition—HomeAid's revenue recognition policies are as follows:

Affiliate fees and reimbursed insurance—HomeAid charges charter and license fees to all HomeAid affiliates. In addition, HomeAid purchases liability insurance policies covering HomeAid building projects, special events and directors/officers. HomeAid is reimbursed by the HomeAid affiliates for the cost of these policies. Revenues from affiliate fees and reimbursed insurance are recognized when the service period is completed.

Accounting service fees—HomeAid provides accounting services to affiliates for a nominal fee. Revenues are recognized upon providing these services.

Fundraising events—HomeAid conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of benefits received by the participants at the event. HomeAid values such benefits at the actual cost.

In-Kind Contributions—HomeAid records the value of donated materials and services at their fair value at the date of donation. In-kind services are recorded only if the services (a) create or enhance nonfinancial 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.

Benefits Provided to Donors at Special Events—HomeAid conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. HomeAid values benefits, primarily the meals and entertainment, at the actual cost.

Contracts with Customers—Accounting standards require an organization to recognize revenue arising from contracts with customers at the time the customer obtains control of a contracted goods or service. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising and Marketing Expense—Advertising and marketing costs are expensed as incurred and amounted to \$1,580 and \$15,937 for the years ended December 31, 2023 and 2022, respectively.

HomeAid America
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Functional Expenses—HomeAid allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are charged directly according to their natural expenditures' classification. Certain costs have been allocated between the program services and supporting services benefitted. The method of expense allocation is as follows:

<u>Allocated Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort
Accounting and legal	Time and effort
Bank and merchant fees	Time and effort
Consultants and independent contractors	Time and effort
Delivery and shipping expense	Time and effort
Equipment purchases	Time and effort
Insurance	Time and effort
In-kind professional services	Time and effort
Meals and entertainment	Time and effort
Meetings and conferences	Time and effort
Memberships and subscriptions	Time and effort
Office expense	Time and effort
Office supplies	Time and effort
Postage	Time and effort
Printing	Time and effort
Repairs and maintenance	Time and effort
Telecommunications and internet	Time and effort
Travel	Time and effort

Note 2—Availability and Liquidity

HomeAid's goal is generally to maintain financial assets to meet six months of operating expenses (approximately \$600,000). As part of its liquidity plan, HomeAid places its cash in an interest-bearing savings account. The following represents the availability and liquidity of HomeAid's financial assets for general expenditures within one year as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,342,791	\$ 1,125,621
Investments	248,726	241,404
Accounts receivable	70,272	73,708
Pledges and grants receivable	20,010	20,010
Current Availability of Financial Assets	<u>\$ 1,681,799</u>	<u>\$ 1,460,743</u>

HomeAid America
Notes to Financial Statements—Continued

Note 3—Investments and Fair Value

In determining the fair value of investments, HomeAid utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. HomeAid determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities accessible to HomeAid at the measurement date.

Level 2—Valuations based on observable inputs (other than Level 1), such as quoted prices for similar assets at the measurement date, quoted prices in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement, and involve management judgment.

HomeAid may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by HomeAid to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. HomeAid had no assets or liabilities classified at NAV as a practical expedient during the years ended December 31, 2023 and 2022.

Assets measured at fair value on a recurring basis at December 31, 2023 and 2022 consist of the following:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
2023:				
Certificates of deposit	\$ 248,726	\$	\$ 248,726	\$
Totals	\$ 248,726	\$	\$ 248,726	\$
2022:				
Certificates of deposit	\$ 240,470	\$	\$ 240,470	\$
Fixed income funds	934	934		
Totals	\$ 241,404	\$ 934	\$ 240,470	\$

Return on investments for the years ended December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Unrealized gain on investments	\$ 48	\$ 44
Investment Return, Net	48	44
Investment interest and dividends	8,256	487
Total Return on Investments	\$ 8,304	\$ 531

HomeAid America
Notes to Financial Statements—Continued

Note 4—Pledges Receivable

Pledges receivable at December 31, 2023 and 2022 consist of contributions received from donors not yet settled in cash. Since all amounts are received within one year from the date of the financial statements, no present value discount was recognized at December 31, 2023 and 2022.

Note 5—Property and Equipment, Net

The major classes of property and equipment, net at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Office equipment	\$ 8,804	\$ 8,804
Furniture and fixtures	4,745	3,615
Less accumulated depreciation	<u>(10,178)</u>	<u>(8,651)</u>
Net	<u>\$ 3,371</u>	<u>\$ 3,768</u>

Total depreciation expense recorded for the years ended December 31, 2023 and 2022 was \$1,527 and \$1,423, respectively.

Note 6—Liability Insurance Deductible Fund

HomeAid's current wrap insurance policy, covering its affiliates' shelter projects, has a \$10,000 deductible. Management has adopted a policy requiring each affiliate to fund a pro-rata share of the deductible, with additions to the fund being received from new affiliates. HomeAid has collected money from each affiliate to cover up to two insurance claims and holds the funds in its bank account. The balance being held under this fund as of December 31, 2023 and 2022 was \$25,000 and \$25,000, respectively.

Note 7—CARES Act Grants

During the year ended December 31, 2021, HomeAid received a Paycheck Protection Program (PPP) advance in the amount of \$82,188 from the U.S. Small Business Administration (SBA). Upon receipt of the forgiveness letter from the SBA, HomeAid recognized the full amount as PPP grant revenue for the year ended December 31, 2022; this is reported under the CARES Act grant caption in the statement of activities.

During the year ended December 31, 2023, HomeAid applied and qualified for the Employee Retention Tax Credit (ERTC) and was awarded \$171,680 in funding during the same period. This amount is reflected under the CARES Act grant caption in the statement of activities.

Note 8—Commitments and Contingencies

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, management deems the contingency remote since, by accepting the gift and its terms, it is acknowledging the requirements of the grantor at the time of receipt.

HomeAid America
Notes to Financial Statements—Continued

Note 9—Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Subject to purpose restrictions:		
Maui housing initiative	\$ 176,584	\$
HomeAid affiliates	167,940	42,809
WORKS program	62,000	56,000
Total Subject to Purpose Restrictions	406,524	98,809
Subject to time restrictions:		
General operations	20,010	73,708
Total Net Assets with Donor Restrictions	<u>\$ 426,534</u>	<u>\$ 172,517</u>

Net assets released from donor restrictions for the years ended December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions:		
Maui housing initiative	\$ 1,295,700	\$
WORKS program	85,736	77,000
HomeAid affiliates	9,869	33,812
Satisfaction of time restrictions:		
General operations	73,708	115,306
Total Net Assets Released from Donor Restrictions	<u>\$ 1,465,013</u>	<u>\$ 226,118</u>

Note 10—In-Kind Contributions

During the years ended December 31, 2023 and 2022, donated services totaling \$18,105 and \$10,695, respectively, were received by HomeAid and recorded in the statement of activities under the in-kind contributions caption, and in the in-kind professional services caption in the statement of functional expenses. Donated services are fully utilized for HomeAid's program development and support and are reported without donor restriction. HomeAid measures donated services using comparable market rates for the services rendered.

Note 11—Retirement Plan

HomeAid has a 403(b) retirement program for its employees (program). The program calls for HomeAid to make a discretionary match of 50% of the employees' contribution up to 2% of the employees' annual salary. Employer matching contributions totaled \$7,016 and \$7,675 for the years ended December 31, 2023 and 2022, respectively.

HomeAid America
Notes to Financial Statements—Continued

Note 12—Risks and Uncertainties

In March 2023 the shut-down of certain financial institutions raised economic concerns over disruption in the United States (U.S.) banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system, however, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy, which may include limits on access to short-term liquidity in the near term or other adverse effects. As disclosed in Note 1, HomeAid maintains cash and cash equivalents and investment balances in excess of federally-insured limits. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time.

Note 13—Subsequent Events

Management evaluated all activities of HomeAid America through June 26, 2024, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.