

SHELTER PROVIDERS OF RIVERSIDE, INC.
dba HOMEAID INLAND EMPIRE
(A Nonprofit Organization)

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT

December 31, 2018

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
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Year Ended December 31, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Shelter Provides of Riverside, Inc.
dba HomeAid Inland Empire
Riverside, California

We have audited the accompanying financial statements of the Shelter Providers of Riverside, Inc., dba HomeAid Inland Empire, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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 Organization'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 Organization'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.

Emphasis of Matter

As described in Note 2 to the basic financial statements, the Organization implemented the provisions of Financial Accounting Standards Board ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shelter Providers of Riverside, Inc., dba HomeAid Inland Empire, as of December 31, 2018, 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.

Jeannan Ramirez & Smith, Inc.

Riverside, California

March 29, 2019

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Statement of Financial Position
December 31, 2018

ASSETS	
Cash	\$ 198,155
Accounts Receivable	23,884
Prepaid Expenses	<u>1,445</u>
Total Current Assets	223,484
Office Furniture, Fixtures and Equipment at Cost	6,374
Less: Accumulated Depreciation	<u>(6,374)</u>
Total Assets	<u><u>\$ 223,484</u></u>
 LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 35,696
Deferred Revenue	<u>140,580</u>
Total Liabilities	<u>176,276</u>
 NET ASSETS	
Without Donor Restrictions	(90,872)
With Donor Restrictions	<u>138,080</u>
Total Net Assets	<u>47,208</u>
Total Liabilities and Net Assets	<u><u>\$ 223,484</u></u>

The accompanying notes are an integral part of this statement.

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Statement of Activities
Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Donated Materials, Facilities and Services	\$ 83,761	\$	\$ 83,761
Grants and Contributions	134,410	115,000	249,410
Special Events	92,566		92,566
Interest Income	10		10
Other Income	60		60
	<u>310,807</u>	<u>115,000</u>	<u>425,807</u>
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	<u>130,110</u>	<u>(130,110)</u>	<u>0</u>
	<u>440,917</u>	<u>(15,110)</u>	<u>425,807</u>
EXPENSES			
Program Services	252,573		252,573
Management and General	61,437		61,437
Fundraising and Development	96,254		96,254
	<u>410,264</u>	<u>0</u>	<u>410,264</u>
Change in Net Assets	30,653	(15,110)	15,543
Net Assets - Beginning of Year	<u>(121,525)</u>	<u>153,190</u>	<u>31,665</u>
Net Assets - End of Year	<u>\$ (90,872)</u>	<u>\$ 138,080</u>	<u>\$ 47,208</u>

The accompanying notes are an integral part of this statement.

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Statement of Functional Expenses
Year Ended December 31, 2018

	Shelter Development Program	Management and Administrative	Fundraising and Development	Total
Donated Materials and Services	\$ 83,761	\$	\$	\$ 83,761
Advertising Expense	898	180	120	1,198
Automobile	3,606	721	481	4,808
Bank Charges	391	78	52	521
Contract Management	34,650	6,930	4,620	46,200
Donations	350			350
Donor Recognition			195	195
Insurance	1,613	3,452	120	5,185
Internet and Website Expense	3,533	707	471	4,711
Meetings	2,955	591	394	3,940
Miscellaneous	450	90	60	600
Office Expense	4,919	984	656	6,559
Outside Services		19,816		19,816
Payroll Tax Expense	5,032	1,438	719	7,189
Postage and Delivery	172	34	23	229
Printing	612	122	82	816
Project Expenses	82,139			82,139
Rent Expense		6,000		6,000
Salaries and Wages Expense	26,179	17,452	43,631	87,262
Special Event Expenses			44,455	44,455
Taxes, Licenses & Fees		2,580		2,580
Telephone	1,313	262	175	1,750
	<u>1,313</u>	<u>262</u>	<u>175</u>	<u>1,750</u>
Total	<u>\$ 252,573</u>	<u>\$ 61,437</u>	<u>\$ 96,254</u>	<u>\$ 410,264</u>

The accompanying notes are an integral part of this statement.

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Statement of Cash Flows
Year Ended December 31, 2018

Cash Flows from Operating Activities:	
Increase (Decrease) in Net Assets	\$ 15,543
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by (used by) Operating Activities:	
(Increase) Decrease in Accounts Receivable	(5,484)
(Increase) Decrease in Prepaid Expenses	1,447
(Decrease) Increase in Accounts Payable	32,363
(Decrease) Increase in Deferred Revenue	<u>(17,610)</u>
Net Cash Provided by (Used by) Operating Activities	<u>26,259</u>
Increase (Decrease) in Cash and Cash Equivalents	26,259
Cash and Cash Equivalents, Beginning of Year	<u>171,896</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 198,155</u></u>

The accompanying notes are an integral part of this statement.

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Notes to Financial Statements
Year Ended December 31, 2018

1) ORGANIZATION AND OPERATIONS

Organization

The Shelter Providers of Riverside, Inc., dba HomeAid Inland Empire, (the "Organization") is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization was formed for the purpose of building and maintaining shelters for homeless men, women, and children across the Inland Empire.

Operations

The Organization receives a substantial portion of its financial support from donated materials and services and grants from third parties and fundraising events. The financial condition of the Organization depends significantly on its ability to raise funds from contributors. A significant reduction in the level of contributor support could affect the Organization's programs and activities. Management of the Organization believes it will continue to have adequate funding sources to maintain its present level of operations.

The Organization's revenue and support generally comes from four sources: donated materials and services, fundraising events (special events), cash donations, and grants. Fundraising income includes, among other things, opportunity drawings, auctions, event sponsorships, event ticket sales and registration fees. Grant income normally is generated from foundation grants for the building or renovations of shelter projects. Donations represent funds received by the Organization or unconditional promises from third parties.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues earned but not received are recorded as a receivable. Expenses are recorded when the liability is incurred.

Estimates

The financial statements have been prepared in accordance with generally accepted accounting principles and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Notes to Financial Statements
Year Ended December 31, 2018

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Currently, the Organization does not have any investments considered to be cash equivalents.

Office Furniture, Fixtures and Equipment

Office furniture, fixtures and equipment are carried at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is provided on the straight-line method over an estimated useful life. Currently, the Organization does not have a policy for the capitalization of assets.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

The Organization uses the allowance method to determine uncollectable accounts receivable. The Organization believes all current accounts receivable are collectable.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among shelter development services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Notes to Financial Statements
Year Ended December 31, 2018

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2015, 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

Donated Materials and Services

The Organization received donated professional services and materials of \$83,761 for the year ended December 31, 2018. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying Statement of Activities and Statement of Functional Expenses.

Several volunteers have made contributions on their time in furtherance of the Organization's mission. These services were not reflected in the accompanying Statement of Activities because they do not meet the necessary criteria for recognition under US GAAP.

Financial Statement Presentation

The assets, liabilities and net assets of the Organization are reported in the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of 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; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities.

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Notes to Financial Statements
Year Ended December 31, 2018

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. This standard includes the following changes: (a) reduces the number of net assets classes from three to two, (b) eliminates the requirement of indirect method (reconciliation) if using the direct method, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources and other enhanced disclosures, (d) report investment returns net of external and direct internal expenses, and (d) requiring the use of the place in service approach to recognize the expirations of restrictions on contributions used to acquire or construct long-lived assets absent any explicit donor stipulations. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Organization has adjusted the presentation of these statements accordingly.

Evaluation of Subsequent Events

Subsequent events are evaluated through March 29, 2019, which is the date the financial statements were available to be issued.

3) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 198,155
Accounts Receivable	<u>23,884</u>
Total Financial Assets	222,039
Less amounts not available to be used within one year:	
Net Assets with Donor Restrictions	<u>(138,080)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 83,959</u>

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Notes to Financial Statements
Year Ended December 31, 2018

4) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

Petty Cash	\$	91
Demand Deposits		<u>198,064</u>
		<u>\$ 198,155</u>

5) OFFICE FURNITURE, FIXTURES AND EQUIPMENT

Activities relating to office furniture, fixtures and equipment are presented as follows:

		ASSETS				
		Beginning of Year	Additions	Deletions	End of Year	
Office Furniture, Fixtures and Equipment		\$ 6,374	\$ _____	\$ _____	\$ 6,374	
Total Office Furniture, Fixtures and Equipment		<u>\$ 6,374</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,374</u>	
		ACCUMULATED DEPRECIATION				
		Beginning of Year	Additions	Deletions	End of Year	Book Value
Office Furniture, Fixtures and Equipment		\$ 6,374	\$ _____	\$ _____	\$ 6,374	\$ 0
Total Office Furniture, Fixtures and Equipment		<u>\$ 6,374</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,374</u>	<u>\$ 0</u>

As the Organization is a 501(c)(3) nonprofit organization, there are no income tax implications to the calculation of depreciation and amortization. These accounts reflect only the allocation of the asset costs over the useful lives of the assets.

6) DEFERRED REVENUE

Deferred revenue represents revenues collected but not earned as of year end. This is primarily composed of contribution and grant related revenues. Contribution revenues are recognized in the intended year and the grant revenue is recognized when expenses are incurred to the related program.

Shelter Providers of Riverside, Inc.
dba HomeAid Inland Empire
Notes to Financial Statements
Year Ended December 31, 2018

7) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose:	
Shelter Development Projects	\$ 113,080
Construction Course Scholarships	<u>25,000</u>
 Total Financial Assets	 <u>\$ 138,080</u>

8) LEASES

The Organization leases its office space on a month to month basis. Currently, monthly lease payments are \$500 per month for the year ended 2018 and are expensed as rent. Additionally, the Organization also has a five-year lease until May 2021 for a copier machine that is \$89 per month.

9) RELATED PARTY TRANSACTIONS

Certain members of the Board of Directors and their affiliated companies have made cash contributions to the Organization for the year ended December 31, 2018 totaling \$107,102, which has been included in support and revenues in the Organization's Statement of Activities. Of this amount, \$78,410 was General Contributions and \$28,692 was for Special Events.