

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOMEAID ORANGE COUNTY, INC.**



**FINANCIAL STATEMENTS**

**YEARS ENDED  
DECEMBER 31, 2019 AND 2018**

**WITH INDEPENDENT AUDITOR'S REPORT**

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOMEAID ORANGE COUNTY, INC.  
TABLE OF CONTENTS  
DECEMBER 31, 2019 AND 2018**

	<u>Page</u>
<b>Independent Auditor’s Report .....</b>	<b>1</b>
<b>Financial Statements:</b>	
Statements of Financial Position .....	3
Statements of Activities and Changes in Net Assets .....	4
Statement of Functional Expenses - Year Ended December 31, 2019 .....	5
Statement of Functional Expenses - Year Ended December 31, 2018 .....	6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Shelter Providers of Orange County, Inc.  
dba HomeAid Orange County, Inc.  
Orange, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Shelter Providers of Orange County, Inc. dba HomeAid Orange County, Inc. (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of December 31, 2019, and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shelter Providers of Orange County, Inc. dba HomeAid Orange County, Inc. as of December 31, 2019, and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Adoption of New Accounting Pronouncement**

As discussed in Note 2 to the consolidated financial statements, the Organization adopted new accounting guidance for revenue recognition under Financial Accounting Standards Board Accounting Standards Codification Topic 606. Our opinion is not modified with respect to that matter.

## **Emphasis of Matter - COVID-19**

As more fully described in Note 19 to the financial statements, the Organization may be materially impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. Our opinion is not modified with respect to this matter.

*White Nelson Dick Evans LLP*

Irvine, California  
September 11, 2020

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOMEAID ORANGE COUNTY, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018**

**ASSETS**

	2019	2018
Assets:		
Cash and cash equivalents	\$ 1,073,996	\$ 967,798
Investments	63,492	161,182
Investments from pass-through grant	2,827,273	3,439,039
Receivables:		
Accounts and other receivables	29,219	65,888
Grants receivable	-	27,970
Contributions receivable, net	325,831	485,373
Interest receivable from pass-through grant	281	100
Prepaid expenses and other assets	22,302	14,233
Property and equipment, net	3,065,054	3,101,830
 Total Assets	 \$ 7,407,448	 \$ 8,263,413

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable and accrued liabilities	\$ 75,730	\$ 81,964
Refundable advance on conditional grant	84,146	-
Pass-through grant	2,827,554	3,439,139
Long-term debt, net of debt discounts	609,252	910,407
 Total Liabilities	 3,596,682	 4,431,510
Net Assets:		
Without donor restrictions	3,810,766	3,722,759
With donor restrictions	-	109,144
 Total Net Assets	 3,810,766	 3,831,903
 Total Liabilities and Net Assets	 \$ 7,407,448	 \$ 8,263,413

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

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.**  
**DBA HOME AID ORANGE COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018
Net Assets without Donor Restrictions		
Support and Revenues:		
Donated materials and services	\$ 873,473	\$ 735,283
Contributions	532,080	665,070
Grants	133,354	5,000
Program service fees	23,070	138,775
Investment income	6,780	130
Rental income	11,483	-
Consulting services	62,903	-
Net assets released from restrictions	109,144	14,652
Subtotal Support and Revenue	1,752,287	1,558,910
Special Events:		
Revenue	636,824	589,342
Direct expenses	(201,220)	(370,363)
Net Special Events	435,604	218,979
Total Support and Revenues	2,187,891	1,777,889
Expenses:		
Program Services:		
Housing Development	935,860	957,331
In the Community	646,823	531,840
Total Program Services	1,582,683	1,489,171
Supporting Services:		
Fundraising	174,670	206,604
Management and administrative	342,531	213,645
Total Supporting Services	517,201	420,249
Total Expenses	2,099,884	1,909,420
Increase (Decrease) in Net Assets Without Donor Restrictions	88,007	(131,531)
Net Assets with Donor Restrictions		
Contributions	-	100,000
Net assets released from restrictions	(109,144)	(14,652)
Increase (Decrease) in Net Assets With Donor Restrictions	(109,144)	85,348
Decrease in Net Assets	(21,137)	(46,183)
Net Assets, Beginning of Year	3,831,903	3,878,086
Net Assets, End of Year	\$ 3,810,766	\$ 3,831,903

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

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.**  
**DBA HOME AID ORANGE COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	<u>Program Services</u>		<u>Supporting Services</u>		Total Functional Expenses
	Housing Development	In the Community	Fundraising	Management and Administrative	
Donated materials and services	\$ 400,364	\$ 405,401	\$ -	\$ 60,228	\$ 865,993
Shelter project and program expenditures	13,908	54,102	-	-	68,010
Salaries and related costs	272,961	121,323	131,170	125,500	650,954
Accounting	-	-	-	103,075	103,075
Advertising	18,137	9,485	9,516	8,826	45,964
Automobile expense	3,331	1,982	443	2,664	8,420
Awards and recognition	2,966	855	1,491	2,307	7,619
Bad debt expense	7,500	-	-	-	7,500
Bank fees	1,551	2,955	479	2,210	7,195
Licensing and fees	1,563	-	1,276	180	3,019
Development, permits, and fees	43,697	-	-	-	43,697
Computer expenses	5,398	3,316	8,877	5,314	22,905
Conferences and seminars	1,942	798	355	5,630	8,725
Insurance	8,823	807	1,008	1,103	11,741
Interest	35,049	-	-	(37)	35,012
Meals and entertainment	1,317	8,378	203	2,559	12,457
Office expenses	4,102	2,103	2,293	2,056	10,554
Office supplies	288	4,257	2,292	928	7,765
Outside services	27,062	-	-	2,490	29,552
Photography and public relation costs	737	-	-	-	737
Postage	735	107	168	197	1,207
Printing	-	3,095	-	619	3,714
Property taxes	2,406	233	496	765	3,900
Rent	20,769	10,491	11,563	11,461	54,284
Rentals	620	2,800	-	-	3,420
Storage facilities	1,825	742	941	1,078	4,586
Telephone	2,308	1,058	977	1,661	6,004
Other costs	29	11,689	194	686	12,598
	<u>879,388</u>	<u>645,977</u>	<u>173,742</u>	<u>341,500</u>	<u>2,040,607</u>
Expenses Before Depreciation					
Depreciation of Property and Equipment	<u>56,472</u>	<u>846</u>	<u>928</u>	<u>1,031</u>	<u>59,277</u>
Total Functional Expenses	<u>\$ 935,860</u>	<u>\$ 646,823</u>	<u>\$ 174,670</u>	<u>\$ 342,531</u>	<u>\$ 2,099,884</u>

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

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOME AID ORANGE COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2018**

	<u>Program Services</u>		<u>Supporting Services</u>		Total Functional Expenses
	<u>Housing Development</u>	<u>In the Community</u>	<u>Fundraising</u>	<u>Management and Administrative</u>	
Donated materials and services	\$ 354,143	\$ 367,818	\$ -	\$ 13,322	\$ 735,283
Shelter project and program expenditures	32,935	22,769	-	75	55,779
Salaries and related costs	329,202	89,262	143,629	75,320	637,413
Accounting	-	-	-	83,467	83,467
Advertising	12,048	13,601	7,803	1,752	35,204
Audio and visual	-	-	-	1,125	1,125
Automobile expense	2,631	1,010	210	3,190	7,041
Awards and recognition	375	374	22	328	1,099
Bad debt expense	-	-	3,000	-	3,000
Bank, management, and city fees	7,765	2,489	2,515	1,098	13,867
Computer expenses	1,005	449	7,181	5,435	14,070
Conferences and seminars	-	130	-	100	230
Direct mail expenses	74	30	103	32	239
Insurance	5,372	133	464	2,631	8,600
Interest	40,374	-	-	-	40,374
Meals and entertainment	1,562	5,144	339	6,070	13,115
Office expenses	1,577	629	2,196	811	5,213
Office supplies	365	585	33	169	1,152
Outside services	87,909	-	8,750	8,000	104,659
Photography and public relation costs	500	-	207	-	707
Postage	683	175	695	118	1,671
Printing	629	2,059	1,470	423	4,581
Property taxes	1,401	-	-	-	1,401
Rent	15,784	5,815	22,015	6,231	49,845
Rentals	573	2,996	-	-	3,569
Storage facilities	950	379	1,323	412	3,064
Telephone	2,213	942	2,583	1,362	7,100
Other costs	2,417	14,521	214	1,597	18,749
	<u>902,487</u>	<u>531,310</u>	<u>204,752</u>	<u>213,068</u>	<u>1,851,617</u>
Expenses Before Depreciation					
Depreciation of Property and Equipment	<u>54,844</u>	<u>530</u>	<u>1,852</u>	<u>577</u>	<u>57,803</u>
Total Functional Expenses	<u>\$ 957,331</u>	<u>\$ 531,840</u>	<u>\$ 206,604</u>	<u>\$ 213,645</u>	<u>\$ 1,909,420</u>

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



**SHELTER PROVIDERS OF ORANGE COUNTY, INC.**  
**DBA HOME AID ORANGE COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Decrease in Net Assets	\$ (21,137)	\$ (46,183)
Noncash Items Included in Decrease in Net Assets:		
Depreciation	59,277	57,803
Change in discount on contributions receivable	-	(22,058)
Change in allowance for doubtful contributions	(33,735)	15,971
Amortization of deferred financing costs	9,145	-
Discount on long-term debt	-	17,363
Loss on disposal of property and equipment	1,106	-
Changes in:		
Investments from pass-through grant	611,766	464,179
Accounts and other receivables	36,669	(37,910)
Grants receivable	27,970	5,631
Contributions receivable	193,277	201,447
Interest receivable from pass-through grant	(181)	18,960
Prepaid expenses and other assets	(8,069)	(664)
Accounts payable and accrued liabilities	(6,234)	20,606
Refundable advance on conditional grant	84,146	-
Pass-through grant	<u>(611,585)</u>	<u>(483,139)</u>
Net Cash Provided by Operating Activities	342,415	212,006
Cash Flows from Investing Activities:		
Proceeds from sale (purchase of) investments	97,690	(161,182)
Purchase of property and equipment	<u>(23,607)</u>	<u>(2,135)</u>
Net Cash Provided by (Used in) Investing Activities	74,083	(163,317)
Cash Flows from Financing Activities:		
Payment on notes payable	<u>(310,300)</u>	<u>(713,193)</u>
Net Cash Used in Financing Activities	<u>(310,300)</u>	<u>(713,193)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	106,198	(664,504)
Cash and Cash Equivalents, Beginning of Year	<u>967,798</u>	<u>1,632,302</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,073,996</u>	<u>\$ 967,798</u>
Supplemental Disclosure of Noncash Activities:		
Donated materials and services	<u>\$ 934,797</u>	<u>\$ 847,947</u>
Supplemental Disclosure:		
Interest paid	<u>\$ 25,867</u>	<u>\$ 28,222</u>

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

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOMEAID ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 1: Organization and Nature of Services**

Shelter Providers of Orange County, Inc. dba HomeAid Orange County, Inc. (the “Organization” or “HomeAid”) was incorporated in 1989 for the purpose of ending homelessness through housing development, community service, and advocacy. The Organization is an Internal Revenue Code (“IRC”) Section 501(c)(3) charitable, public benefit not-for-profit organization.

HomeAid’s housing development program (“Housing Development”) involved the building and renovation of emergency shelters, transitional/interim/bridge housing, and permanent housing with supportive services (the “projects”). HomeAid serves as the developer for each project, primarily in partnership with other not-for-profit organizations. The projects are identified and selected based on the housing gaps within the Orange County community to serve families and individuals experiencing homelessness. HomeAid’s model is to bring in-kind contributions of labor and materials from the building industry to decrease the cost for each project, significantly lowering the cost of each development.

In 2015, HomeAid embarked on the development of its own emergency shelter facility to be open 365 days a year to serve Orange County families and operate as an entry point and resource to other nonprofit organizations serving homeless families. The HomeAid Family CareCenter (the “Family CareCenter”) supports the needs of over 120 Orange County families with young children annually (an estimated 500 people). Fifty-six beds are available to families with at least one parent and one or more children under the age of 18. The Family CareCenter was completed and began operations in 2017. The Family CareCenter is operated by Mercy House, an independent IRC Section 501(c)(3) organization under contract with HomeAid. Mercy House has a separate operating budget for the Family CareCenter, of which a portion is provided by a pass-through grant from the Children and Families Commission (see Note 8).

In 2018, Housing Development projects included Orangewood Children’s Foundation, Precious Life Shelter, Francis Xavier, Samueli Academy, and Family Promise.

In 2019, Housing Development projects included Orangewood Children’s Foundation, Precious Life Shelter, Francis Xavier, Samueli Academy, Family Promise and the Yale Transitional Center.

HomeAid’s In the Community program includes HomeAid Essentials (“Essentials”), HomeAid CareKits (“CareKits”), advocacy, and various education and volunteer activities. Essentials is a community effort to collect and distribute baby products, such as diapers, for homeless mothers and babies. CareKits are assembled with critical items, such as water, food, soap, toothpaste, and resource cards, and distributed to homeless families and individuals living on the street. In addition, HomeAid leads various community initiatives in November during National Homelessness Awareness Month to advocate for the homeless and raise awareness in the community. HomeAid has worked directly with the Orange County Commission to End Homelessness and has assisted in the development of a 10-year plan to end homelessness.

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOME AID ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 1: Organization and Nature of Services (Continued)**

**Operations**

The Organization receives its financial support through philanthropic means. The bulk of the Organization's revenue and support comes from five key sources: donated materials and services, contributions, grants, program service fees, and special events. Donated materials and services include construction materials and services used in Housing Development projects, items for Essentials, and hygiene items for CareKits. Contributions are from individuals and corporations. Program service fees are for services provided. Grant income is generated through private and corporate foundations for general operating and/or the building and renovating of projects. Special events income includes, among other things, event sponsorships, ticket sales, auction sales, and individual solicitations. The financial condition of the Organization depends significantly on its ability to receive donated materials and services and raise funds from contributors. A significant reduction in the level of support could affect the Organization's programs and activities. Management of the Organization believes it will continue to have adequate funding sources to maintain the present level of operations.

**Note 2: Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). References to the "ASC" hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board ("FASB") as the source of authoritative US GAAP.

Accordingly, the accounts of the Organization are reported in the following net asset categories:

*Net Assets with Donor Restrictions* - Net assets of the Organization that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

*Net Assets without Donor Restrictions* - Net assets of the Organization that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

*Board-Designated Net Assets* - Net assets without donor restrictions subject to self-imposed limits by action of the Organization's Board of Directors ("Board"). Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOMEAID ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

For purposes of reporting cash flows, cash and cash equivalents include petty cash funds, bank checking accounts used for operating purposes, and investments with maturities of three months or less from the original purchase dates. The Organization has elected to exclude pass-through grant investments with maturities of three months or less from the original purchase from cash equivalents.

**Investments**

Investments in mutual funds and treasury bills are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in investment income in the Organization's accompanying statements of activities and changes in net assets.

**Property and Equipment**

Property and equipment are stated at cost when purchased or at the estimated fair value when donated. Maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to seven years for office equipment and furniture and fixtures and 34 to 39 years for building and improvements.

**Long-Lived Assets**

The Organization accounts for long-lived assets in accordance with FASB ASC 360-10, *Property, Plant, and Equipment*. FASB ASC 360-10 requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amount. For the years ended December 31, 2019 and 2018, there was no impairment of the value of such assets.

**Donated Materials and Services**

Donated materials and services are reflected in the accompanying financial statements at their estimated fair market value at the date of receipt.

Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Volunteer services that do not meet these criteria are not recognized in the financial statements, as there is no objective basis of deriving their value.

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOME AID ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition**

*Contributions*

In accordance with FASB ASC 958-605, *Revenue Recognition*, contributions received are recorded as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of the donor restrictions. Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met or the donor has explicitly released the restriction.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other support that is restricted by the donor is reported as an increase in net assets with donor restrictions. 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 statements of activities and changes in net assets as net assets released from restrictions.

Amounts received from nonreciprocal grants and contracts are not reported as revenue until the resources are expended for the purpose specified or until a stipulated time restriction ends. The amount received in excess of amounts spent is reported as a refundable advance on conditional grant.

*Exchange Transactions*

The Organization recognizes revenue from contracts in accordance with FASB ASC 606, which applies to exchange transactions that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records exchange transaction revenue in its statements of activities and changes in net assets for the years ended December 31, 2019 and 2018, as stated below.

- Foundation Grant Assistance - For foundation grant assistance, the performance obligation is the delivery of services or the incurring of qualified expenses on programs. The transaction price is established by contract with the foundation. Foundation assistance revenue is recognized at over time, which is when the performance obligation has been met. Foundation grants are limited in scope with each individual grant including its own single performance obligation.

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.**  
**DBA HOMEAID ORANGE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition (Continued)**

*Exchange Transactions (Continued)*

- Programs Services - For program services, which consist of community-based programs, the performance obligation is the delivery of community programs to program participants. Revenue is recognized over time as programs are held. The transaction price is established by the Organization. As is customary, these items are not separately priced and are therefore considered to be one performance obligation.
- Consulting Services – The Organization provides consulting services to municipalities for the building or renovations of emergency shelters. Revenue is recognized over time as services are performed. These services are not separately priced and are therefore considered to be one performance obligation.
- Special Fundraising Event Revenue - The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event (the exchange component), and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statements of activities and changes in net assets. The performance obligation is the holding of the event, which is usually accompanied by a presentation. The event fees are set by the Organization.

FASB ASC 606 requires allocation of the transaction price to the performance obligation. Accordingly, the Organization separately presents in its notes to financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Organization in advance of the events are initially recognized as liabilities (deferred income) and are recognized as special event revenue after the event. For special event fees received before year-end, for an event to occur after year-end, the Organization follows the American Institute of Certified Public Accounting guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOME AID ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Functional Allocation of Expenses**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Certain categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. Expenses are allocated as follows: marketing and direct costs incurred, such as printing, insurance, computer expenses, postage, utilities, and promotion, are pooled. The pooled costs are then allocated to programs based on a pro rata share of the total amount of time each employee attributes to each program. Also allocated are salaries and other employee expenses for program leadership, which are allocated on a pro rata share of each employee's time spent on the individual programs.

**Use of Estimates**

The process of preparing financial statements in accordance with US GAAP requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and gains, and expenses and losses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Income Taxes**

The Organization is recognized as tax exempt under Section 501(c)(3) of the IRC and the corresponding state code as a charitable organization whereby only unrelated business income is subject to income tax. The Organization had no unrelated business income during the years ended December 31, 2019 and 2018. Accordingly, there is no provision for income taxes in the accompanying financial statements.

In accordance with FASB ASC 740-10-25, *Income Taxes*, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not that the position will be sustained. The Organization does not believe THAT there are any material uncertain tax positions, and accordingly, it has not recognized any liability for unrecognized tax benefits or any related interest or penalties at December 31, 2019 and 2018. The Organization's tax years from 2016 to 2019 are open to review for federal tax purposes, and tax years from 2015 to 2019 are open to review for state income tax purposes.

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOMEAID ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Recent Accounting Pronouncements - Adopted**

As of January 1, 2019, the Organization adopted the provisions of FASB Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization adopted the new standard effective January 1, 2019, using the modified retrospective approach.

A majority of the Organization’s exchange arrangements consist of single performance obligations to transfer services that are satisfied over time. Based on the Organization’s evaluation process and review of its contracts, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. Accordingly, no changes were required to previously reported revenues as a result of the adoption. The adoption of ASU 2014-09 did not have a significant impact on the Organization’s financial statements.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. This update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958 or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 also clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. The Organization adopted the new standard effective January 1, 2019, using the modified retrospective approach. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.



**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOME AID ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Recent Accounting Pronouncements - Not Yet Adopted**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, with subsequent improvements and corrections issued in ASU 2018-01, ASU 2018-10, and ASU 2018-20. ASU 2016-02 amends a number of aspects of lease accounting, including requiring lessees to recognize on their balance sheet a right-of-use asset and a lease liability for all operating leases with a term of more than 12 months. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of asset not to recognize the right-of-use asset and lease liability. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021; however, early adoption is permitted. The Organization is currently evaluating the impact of the provisions of ASU 2016-02 on the presentation of its financial statements.

**Note 3: Liquidity and Availability**

The Organization's financial assets available for general expenditure within one year of the statement of financial position date, are as follows as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 525,302	\$ 699,010
Accounts and other receivables	29,219	65,888
Grants receivable	<u>-</u>	<u>27,970</u>
 Total Financial Assets Available to Meet General Expenditures within One Year	 <u>\$ 554,521</u>	 <u>\$ 792,868</u>

The following is a reconciliation of cash and cash equivalents that are available to meet general expenditures within one year:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 1,073,996	\$ 967,798
Less: Board designated cash and cash equivalents	<u>(548,694)</u>	<u>(268,788)</u>
 Cash and cash equivalents available for general expenditures within one year	 <u>\$ 525,302</u>	 <u>\$ 699,010</u>

The board has designated a portion of available cash and cash equivalents for servicing the debt that was obtained to purchase property for the Family CareCenter. The board also designated the Family CareCenter contributions receivable for debt service. See Note 10 for information related to the Family CareCenter debt.

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOMEAID ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 4: Concentrations, Risks, and Uncertainties**

The Organization maintains cash and cash equivalent balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) for up to \$250,000. Throughout the course of the year, the Organization regularly maintains cash balances in excess of federally insured limits.

The Organization also has investments and cash equivalents held at financial institutions that are not FDIC insured. These investments are insured by the Securities Investor Protection Corporation (“SIPC”) for up to a maximum of \$500,000 per eligible account. Throughout the course of the year, the Organization regularly maintains investment balances in excess of SIPC insured limits.

The Organization obtained approximately 14% of its support from a single source during the year ended December 31, 2019, and received approximately 26% of its support from two sources during the year ended December 31, 2018. Support received from these sources for the years ended December 31, 2019 and 2018, aggregated approximately \$110,000 and \$200,000, respectively. Amounts due from the sources, which are included in contributions receivable at December 31, 2019 and 2018, were approximately \$100,000 and \$75,000, respectively.

**Note 5: Investments**

Investments at December 31, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Mutual funds	\$ 63,492	\$ 60,573
US Treasury bills	1,916,826	3,266,333
Money market	910,447	172,706
Certificates of deposits	<u>-</u>	<u>100,609</u>
Total Investments	<u>\$ 2,890,765</u>	<u>\$ 3,600,221</u>

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOME AID ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 6: Contributions Receivable**

Contributions receivable at December 31, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Family CareCenter	\$ 167,100	\$ 486,000
General contributions	173,463	62,042
Less: Allowance for doubtful contributions	(10,000)	(43,735)
Less: Discount for present value of contributions receivable	<u>(4,732)</u>	<u>(18,934)</u>
Contributions Receivable, Net	<u>\$ 325,831</u>	<u>\$ 485,373</u>

At December 31, 2019 and 2018, contributions receivable before discounts and allowance are as follows:

Less than one year	\$ 278,863	\$ 359,192
One to five years	<u>61,700</u>	<u>188,850</u>
	<u>\$ 340,563</u>	<u>\$ 548,042</u>

The discount risk-adjusted interest rate used to calculate the present value of long-term contributions receivable was 4.75% as of December 31, 2019 and 2018.

**Note 7: Property and Equipment**

At December 31, 2019 and 2018, property and equipment consist of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 1,482,361	\$ 1,482,361
Building	261,593	261,593
Building improvements	1,377,339	1,369,858
Office equipment	18,290	12,495
Furniture and fixtures	<u>104,659</u>	<u>95,851</u>
Total property and equipment, at cost	3,244,242	3,222,158
Less: Accumulated depreciation	<u>(179,188)</u>	<u>(120,328)</u>
Property and Equipment, Net	<u>\$ 3,065,054</u>	<u>\$ 3,101,830</u>

Depreciation expense for the years ended December 31, 2019 and 2018, was \$59,277 and \$57,803, respectively.

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOME AID ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 8: Pass-Through Grant**

The Organization received a designated grant from the First 5 Orange County, Children and Families Commission in the amount of \$6,250,000 at the end of 2013. This grant is administered by the Organization and passed to other nonprofit organizations to support the construction and operation of emergency shelters to assist homeless families with children ages zero to five over a five-year period. The Organization receives program service fees on a project-by-project basis. Pass-through grant program service fees earned for the years ended December 31, 2019 and 2018, were \$18,857 and \$106,147, respectively. The amount of program service fees received during 2019 and 2018 was \$47,885 and \$80,983, respectively. Program service fees earned but not received are included in grants receivable in the Organization's accompanying statements of financial position.

The Organization maintains the pass-through grant in separate investment accounts.

Investments and accrued interest from the pass-through grant consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Money market	\$ 910,447	\$ 172,706
US Treasury bills	1,916,826	3,266,333
Accrued interest	<u>281</u>	<u>100</u>
	<u>\$ 2,827,554</u>	<u>\$ 3,439,139</u>

Reconciliation of the pass-through grant is as follows:

Cumulative activity from inception of grant in 2013 through December 31, 2019:

Grant received	\$ 6,250,000
Realized and unrealized gains	177,363
Management fees	(60,225)
Disbursements - program service fees	(336,332)
Disbursements - passed through	<u>(3,203,252)</u>
Balance - December 31, 2019	<u>\$ 2,827,554</u>

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOME AID ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 8: Pass-Through Grant (Continued)**

Activity for the years ended December 31, 2018 and 2019:

Balance - December 31, 2017	\$ 3,922,278
Realized and unrealized gains	24,531
Management fees	(10,000)
Disbursements - program service fees	(80,983)
Disbursements - passed through	<u>(416,687)</u>
Balance - December 31, 2018	3,439,139
Realized and unrealized gains	61,079
Management fees	(9,375)
Disbursements - program service fees	(47,885)
Disbursements - passed through	<u>(615,404)</u>
Balance - December 31, 2019	<u>\$ 2,827,554</u>

All the investment activity, including earned interest, unrealized losses, and accrued interest, in the amounts of \$281 and \$100 for the years ended December 31, 2019 and 2018, respectively, that occurred related to the pass-through grant account has been reflected in the pass-through grant liability in the accompanying statements of financial position, as the Organization is acting as an agent for these funds.

As of December 31, 2019, the Organization has committed a portion of the remaining grant balance to projects overseen by outside service providers. The following is a summary of the committed and uncommitted balances:

Pathways of Hope	\$ 102,309
Illumination Foundation	6,214
Mercy House	800,231
Family Assistance Ministries	4,782
Katharine Gale Consulting & Families Forward	<u>11,143</u>
Total committed balance	924,679
Uncommitted balance	<u>1,902,875</u>
Fund Balance - December 31, 2019	<u>\$ 2,827,554</u>

In accordance with the grant, the Organization may be required to refund all uncommitted balances at the end of the extended grant period on June 30, 2021, if the grant is not renewed. The following is a summary of the future committed disbursements under the grant:

2020	\$ 619,599
2021	<u>305,080</u>
Total Committed Balance	<u>\$ 924,679</u>

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.**  
**DBA HOMEAID ORANGE COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**Note 9: Fair Value Measurements**

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; or
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

*Mutual Funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

*US Treasury Bills:* Valued at the closing price reported on the active market on which the individual securities are traded.

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOME AID ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 9: Fair Value Measurements (Continued)**

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table provides fair value measurement information for financial assets measured at fair value on a recurring basis as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pass-Through Grant Investments:				
US Treasury bills	\$ -	\$ 1,916,826	-	\$ 1,916,826
Investments:				
Mutual funds	<u>63,492</u>	<u>-</u>	<u>-</u>	<u>63,492</u>
	<u>\$ 63,492</u>	<u>\$ 1,916,826</u>	<u>\$ -</u>	<u>1,980,318</u>
Money market <sup>(1)</sup>				<u>910,447</u>
Total Investments				<u>\$ 2,890,765</u>

<sup>(1)</sup> Not subject to fair value hierarchy measurements.

The following table provides fair value measurement information for financial assets measured at fair value on a recurring basis as of December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pass-Through Grant Investments:				
Mutual funds	\$ 60,573	\$ -	\$ -	\$ 60,573
US Treasury bills	<u>-</u>	<u>3,266,333</u>	<u>-</u>	<u>3,266,333</u>
	<u>\$ 60,573</u>	<u>\$ 3,266,333</u>	<u>\$ -</u>	<u>3,326,906</u>
Certificates of deposits <sup>(1)</sup>				100,609
Money market <sup>(1)</sup>				<u>172,706</u>
Total Investments				<u>\$ 3,600,221</u>

<sup>(1)</sup> Not subject to fair value hierarchy measurements.

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOME AID ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 10: Long-Term Debt**

On September 23, 2015, the Organization obtained a line of credit from a bank in the amount of \$1,980,000. The Organization used this line of credit to purchase property in Orange, California, for the Family CareCenter. The Organization refinanced the outstanding balance on the line of credit with a note payable on January 19, 2018. The note payable accrues interest at 4 percent and has a monthly payment of \$3,017, plus a balloon payment due at maturity on December 23, 2022. The line of credit is collateralized by the land and building. The balance on the line of credit at December 31, 2019 and 2018, was \$609,252 and \$619,551, respectively.

On September 23, 2015, the Organization obtained a note payable related to the above-mentioned property in the amount of \$300,000. The note bears no interest and is due in full with one balloon payment due on September 23, 2019, and is collateralized by the land and building. In accordance with US GAAP, the note payable has been discounted to reflect a market interest rate of 4.75 percent. The discount was recorded as a contribution with donor restrictions and will be accreted into interest expense in future periods to reflect market interest rate conditions. The discounted balance of the note payable at December 31, 2018, was \$290,856. The note was paid in full in 2019.

The following table represents the maturities of long-term debt and related discounts for the succeeding years ending December 31:

2020	\$ 12,328
2021	12,831
2022	<u>584,093</u>
Total	<u>\$ 609,252</u>

**Note 11: Donated Materials and Services**

The Organization recognizes contribution revenues for certain services received at the fair value of those services. Donors and sponsors make contributions of materials and services to develop and renovate the Organization's shelter project, as well as donate items for special events. Donated materials and services included in the Organization's statements of activities and changes in net assets for the years ended December 31, 2019 and 2018, totaling \$934,797 and \$847,947, respectively, are based on management's and donors' estimates of the fair value of the materials and services provided. For the year ended December 31, 2019, donated materials of \$7,480 were capitalized to property and equipment. The capitalized property and equipment will be reflected in the statement of functional expenses as depreciation expense over the lives of the related assets. For the year ended December 31, 2018, no donated materials and services were capitalized to property and equipment.



**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOME AID ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 11: Donated Materials and Services (Continue)**

The breakdown of donated materials and services reflected in the statements of activities and changes in net assets is as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Donated materials and services	\$ 873,473	\$ 735,283
Special events	61,324	112,664
Total	\$ 934,797	\$ 847,947

**Note 12: Special Events Revenue**

Gross receipts from special events consist of exchange transaction revenue and contribution revenue. As a result of adopting FASB ASU 2014-09 effective on January 1, 2019, the Organization is required to separately present the components of this revenue. The following are contribution and exchange transaction revenues from special events for the year ended December 31, 2019:

Contributions	\$ 435,604
Exchange transactions	201,220
Special Events Revenue	\$ 636,824

**Note 13: Commitments and Contingencies**

**Contingencies**

Financial assistance from federal, state, and local governmental entities in the form of grants is subject to audit. Such audits could result in claims against the Organization for disallowance costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise for such audits since the amounts, if any, cannot be determined at this date.

**Operating Leases**

The Organization leases its office and storage spaces on a month-to-month basis. Rent expense for the years ended December 31, 2019 and 2018, amounted to \$54,284 and \$49,845, respectively. Subsequent to year end, the Organization has exited its office lease and moved to the Family CareCenter.

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOMEAID ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 14: Related-Party Transactions**

Certain members of the Board and their affiliated companies have made cash and in-kind contributions to the Organization during years ended December 31, 2019 and 2018, totaling approximately \$101,000 and \$43,000, respectively, which have been included in contributions and donated materials and services in the Organization’s statements of activities and changes in net assets.

**Note 15: 403(b) Plan**

The Organization sponsors a 403(b) retirement savings plan covering all full-time employees who have attained the age of 21 and have completed 90 days of service with the Organization. The Organization may make discretionary matching contributions of up to 50 percent of employee contributions, which are subject to the approval of the executive committee. The Organization did not make any contributions to the plan during the years ended December 31, 2019 and 2018.

**Note 16: Net Assets Released from Restrictions**

Net assets were released from donor restrictions by incurring expenses thereby satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Expiration of time restrictions	\$ 9,144	\$ 12,152
Satisfaction of purpose restrictions:		
Family CareCenter Learning Lab	-	2,500
Francis Xavier Project	<u>100,000</u>	<u>-</u>
Total satisfaction of purpose restrictions	<u>100,000</u>	<u>2,500</u>
Total Net Assets Released from Restrictions	<u>\$ 109,144</u>	<u>\$ 14,652</u>

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOME AID ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 17: Net Assets**

Net assets consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Net Assets without Donor Restrictions:		
Undesignated	\$ 3,198,580	\$ 3,292,789
Board designated for debt service	<u>612,186</u>	<u>429,970</u>
Total net assets without donor restrictions	<u>3,810,766</u>	<u>3,722,759</u>
Net Assets with Donor Restrictions:		
Subject to expenditures for specific purposes:		
Francis Xavier Project	-	100,000
Subject to passage of time:		
Amortization of imputed interest	<u>-</u>	<u>9,144</u>
Total net assets with donor restrictions	<u>-</u>	<u>109,144</u>
Total Net Assets	<u>\$ 3,810,766</u>	<u>\$ 3,831,903</u>

**Note 18: Prior-Period Adjustment**

Subsequent to the issuance of the December 31, 2018 financial statements, the Organization determined that the 2018 financial statements required adjustment to correct for known errors. The Organization incorrectly under-reported donated materials and services and expenses, for the year ended December 31, 2018. Had the errors not been made, donated materials and services support and expenditures would have each been \$352,912 greater than previously reported. As the errors to support and expense were equal, the errors had no effect the Organization's net asset balance at December 31, 2018.

The following table summarizes the revision adjustment and the impact on the statement of activities and changes in net assets:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Revised</u>
Donated materials and services	\$ 382,371	\$ 352,912	\$ 735,283
Program expense	<u>382,371</u>	<u>352,912</u>	<u>735,283</u>
Increase (Decrease) in Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SHELTER PROVIDERS OF ORANGE COUNTY, INC.  
DBA HOME AID ORANGE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**Note 19: Subsequent Events**

Events occurring after December 31, 2019, have been evaluated for possible adjustment to the financial statements or disclosure as of September 11, 2020, which is the date the financial statements were available to be issued.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”), and the risks that it posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. Also, in March 2020, California’s governor issued shelter-in-place and social distancing directives along with protocols issued by the Centers for Disease Control and Prevention and the Orange County Health Care Agency providing health and safety measures. As of the date of this report, the impacts to the Organization include a reduction in events and programs provided to the community. The Organization may see a reduction in donor contributions and contributed materials and services.

The Organization’s operations are heavily dependent on private and public donations from individuals, foundations, and corporations. Although management is continuing to monitor and assess the effects of the COVID-19 pandemic on the Organization, the ultimate impact of the COVID-19 outbreak is highly uncertain and subject to change. As such, the Organization’s financial condition and liquidity may be negatively impacted for the fiscal year 2020.

In April 2020, the Organization applied for, and received, a Paycheck Protection Program loan of \$115,000. These funds are to be used for payroll costs, interest on mortgages, rent, and utilities. Loan payments will be deferred for six months, and no collateral or personal guarantees are required. The loan has a maturity of two years and an interest rate of 1%. The receipt of these funds and the forgiveness of the loan is dependent upon the Organization having initially qualified for the loan and qualifying for the forgiveness of such loan based on future adherence to the forgiveness criteria. The Organization is using the funds as intended and management anticipates the full loan balance will be forgiven.