

SHELTER CARE PROVIDERS OF SAN DIEGO, INC.  
dba HOMEAID SAN DIEGO (“HOMEAID SAN DIEGO”)  
Financial Statements  
December 31, 2005

SHELTER CARE PROVIDERS OF SAN DIEGO, INC.  
dba HOMEAID SAN DIEGO (“HOMEAID SAN DIEGO”)  
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December 31, 2005 and 2004

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## **Independent Auditor's Report**

To the Board of Directors  
Shelter Care Providers of San Diego, Inc.  
dba HomeAid San Diego  
P.O. Box 927068  
San Diego, CA 92192-7068

We have audited the accompanying statement of financial position of Shelter Care Providers of San Diego, Inc., dba HomeAid San Diego (A Nonprofit Organization) as of December 31, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2004 financial statements and in our report dated March 18, 2005; we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shelter Care Providers of San Diego, Inc., dba HomeAid San Diego as of December 31, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

San Diego, California  
March 19, 2006

HOMEAID SAN DIEGO  
 STATEMENT OF FINANCIAL POSITION  
 DECEMBER 31, 2005 WITH COMPARATIVE  
 TOTALS FOR DECEMBER 31, 2004



| <b>ASSETS (Note 1)</b>                  | <u>2005</u>      | <u>2004</u>      |
|---|------------------|------------------|
| Cash and cash equivalents               | \$236,087        | \$192,444        |
| Prepaid expenses                        | 1,387            | -0-              |
| Deposits and other assets               | -0-              | 1,000            |
|   | <hr/>            | <hr/>            |
| <b>Total assets</b>                     | <b>\$237,474</b> | <b>\$193,444</b> |
|   | <hr/>            | <hr/>            |
| <b>LIABILITIES AND NET ASSETS</b>       |                  |                  |
| <b>Liabilities (Note 1)</b>             |                  |                  |
| Accounts payable                        | 2,195            | 8,929            |
| Deferred revenue                        | 2,500            | -0-              |
|   | <hr/>            | <hr/>            |
| <b>Total liabilities</b>                | <b>4,695</b>     | <b>8,929</b>     |
|   | <hr/>            | <hr/>            |
| <b>Net Assets (Notes 1 and 2)</b>       |                  |                  |
| Net assets - unrestricted               | 184,210          | 164,515          |
| Net assets - restricted                 | 48,569           | 20,000           |
|   | <hr/>            | <hr/>            |
| <b>Total net assets</b>                 | <b>232,779</b>   | <b>184,515</b>   |
|   | <hr/>            | <hr/>            |
| <b>Total liabilities and net assets</b> | <b>\$237,474</b> | <b>\$193,444</b> |
|   | <hr/>            | <hr/>            |

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

HOMEAID SAN DIEGO  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2005 WITH  
 COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2004



| <b>UNRESTRICTED NET ASSETS</b>               | <b><u>2005</u></b> | <b><u>2004</u></b> |
|--|--------------------|--------------------|
| Revenues                                     |                    |                    |
| In-kind donations                            | \$648,701          | \$331,645          |
| Grants and contributions                     | 85,481             | 67,382             |
| Project fees                                 | -0-                | 36,145             |
| Fundraising events                           | 1,704              | 37,961             |
| Investment income                            | 3,084              | -0-                |
| Net assets released from restrictions        | 40,071             | 31,000             |
|  | <hr/>              | <hr/>              |
| Total unrestricted revenue                   | 779,041            | 525,743            |
| Expenses                                     |                    |                    |
| Program and project costs                    | 722,793            | 386,070            |
| Fundraising expenses                         | 9,663              | -0-                |
| Management and administration                | 26,889             | 66,029             |
|  | <hr/>              | <hr/>              |
| Increase in unrestricted net assets          | 19,695             | 52,034             |
| <br><b>TEMPORARILY RESTRICTED NET ASSETS</b> |                    |                    |
| Grants and contributions                     | 68,640             | 45,000             |
| Net assets released from restriction         | (40,071)           | (31,000)           |
|  | <hr/>              | <hr/>              |
| Increase (decrease) in net assets            | 48,264             | 66,034             |
| Net assets – beginning of year               | <hr/>              | <hr/>              |
|  | 184,515            | 118,481            |
| Net assets – end of year                     | <hr/>              | <hr/>              |
|  | \$232,779          | \$184,515          |

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

HOMEAID SAN DIEGO  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED DECEMBER 31, 2005 WITH  
 COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2004



|                                  | <u>Program<br/>Services</u> | <u>Fund-<br/>raising</u> | <u>Mngmt<br/>and<br/>Admin</u> | <u>Total<br/>2005</u> | <u>Total<br/>2004</u> |
|----------------------------------|-----------------------------|--------------------------|--------------------------------|-----------------------|-----------------------|
| In-kind project expenses         | \$648,701                   | \$-0-                    | \$-0-                          | \$648,701             | \$331,645             |
| Shelter development expenses     | 30,297                      | -0-                      | -0-                            | 30,297                | 26,533                |
| Salaries, fees and payroll taxes | 31,390                      | 5,232                    | 19,880                         | 56,502                | 58,542                |
| Rent and utilities               | 6,660                       | 2,220                    | 2,220                          | 11,100                | 6,054                 |
| Accounting and auditing          | -0-                         | -0-                      | 3,148                          | 3,148                 | 3,355                 |
| Insurance                        | 359                         | 60                       | 176                            | 596                   | 1,704                 |
| Supplies                         | 1,016                       | 339                      | 339                            | 1,694                 | 2,119                 |
| HomeAid National chapter dues    | 1,500                       | -0-                      | -0-                            | 1,500                 | 1,500                 |
| Training and annual conference   | 887                         | 380                      | -0-                            | 1,268                 | 1,507                 |
| Fundraising costs                | -0-                         | 1,212                    | -0-                            | 1,212                 | 1,270                 |
| Telephone                        | 778                         | 49                       | 146                            | 972                   | 1,207                 |
| Computer expenses                | 639                         | 40                       | 120                            | 799                   | 2,443                 |
| Printing and postage             | 407                         | 100                      | 33                             | 540                   | 11,659                |
| Board expenses                   | -0-                         | -0-                      | 462                            | 462                   | 2,118                 |
| Other                            | 159                         | 31                       | 365                            | 555                   | 443                   |
| <b>Total Expenses</b>            | <b>\$722,793</b>            | <b>\$9,663</b>           | <b>\$26,889</b>                | <b>\$759,346</b>      | <b>\$452,099</b>      |

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

HOMEAID SAN DIEGO  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2005 WITH  
 COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2004



|   | <u>2005</u>      | <u>2004</u>      |
|---|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                  |                  |
| Change in net assets  | \$48,264         | \$66,034         |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                  |                  |
| (Increase)Decrease in:  |                  |                  |
| Prepaid expenses  | (1,387)          | -0-              |
| Deposits and other assets   | 1,000            | (1,000)          |
| Increase(Decrease) in:  |                  |                  |
| Accounts payable  | (6,734)          | 6,341            |
| Deferred revenue  | 2,500            | -0-              |
|   | <hr/>            | <hr/>            |
| Net increase in cash and cash equivalents   | 43,643           | 71,375           |
| Cash and cash equivalents at the beginning of the year                                      | 192,444          | 121,069          |
|   | <hr/>            | <hr/>            |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>                                     | <b>\$236,087</b> | <b>\$192,444</b> |

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



**Note 1 – Organization and Nature of Activities and Significant Accounting Policies:**

**Organization and Nature of Activities**

Shelter Care Providers of San Diego, Inc., dba HomeAid San Diego (the “Organization”) was organized in 2002 under the Nonprofit Public Benefit Corporation Law for public and charitable purposes. The Organization is the San Diego Chapter of HomeAid, Inc., A California Nonprofit Corporation.

The Organization’s vision and mission are to be a vital force in ending homelessness by building dignified housing where homeless individuals and families can rebuild their lives. The vision and mission are accomplished by identifying nonprofit social service agencies (the “Care Provider”) in San Diego County that provide a program in which homeless individuals and families learn and practice the skills they need to rebuild their lives and become self-sufficient. The Care Provider requests the Organization’s assistance to construct or renovate a housing facility. The Organization then matches the Care Provider with a local contractor or builder (the “Builder Captain”) who will donate labor to supervise and manage the building of the project. The Builder Captain mobilizes its subcontractors, suppliers and consultants to complete the project and asks that each donate some or all of their labor and materials.

The Organization has completed four projects, Sylvia’s Place, House of Rachel, Mary’s House and Carol’s House, since inception and two projects, Victorian Heights and Merle’s Place, are under constructions as follows:



**Sylvia’s Place:** renovation of an 8-unit apartment for emancipated foster youth.

Builder Captain: **Pardée Homes**

Care Provider: **Sullivan Group Homes**

**House of Rachel:** renovation of a 6-bed home for women over 50.

Builder Captain: **ColRich Communities**

Care Provider: **Catholic Charities**



HOMEAID SAN DIEGO  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005 WITH  
COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 21, 2004



**Note 1 – Organization and Nature of Activities and Significant Accounting Policies:(continued)**

**Organization and Nature of Activities (continued)**



**Mary's House** rebuilt a home for six emancipated foster women .

Builder Captain: **William Lyon Homes**

Care Provider: **Child Abuse Prevention Foundation & YMCA Youth & Family Services**

**Carol's House** built a 12-bed home in an undisclosed location for women and children fleeing domestic abuse.

Builder Captain: **Shea Homes**

Care Provider: **Community Resource Center**



**Victorian Heights** renovation of a 38-bed apartment for mothers and children who have escaped domestic violence.

Builder Captain: **Standard Pacific Homes**

Care Provider: **South Bay Community Services**



HOMEAID SAN DIEGO  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005 WITH  
COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 21, 2004



**Note 1 – Organization and Nature of Activities and Significant Accounting Policies:(continued)**

**Organization and Nature of Activities (continued)**

**Merle’s Place** creation of a 44-bed home for veterans, seniors and the disabled from an industrial facility.

Builder Captains: **Shamrock Development, LLC  
and Burger Construction**

Care Provider: **Interfaith Community Services**



The Organization’s support comes primarily from individual, corporate and foundation donors. The Organization’s sole voting member and sponsor is the San Diego Chapter of the National Association of Industrial and Office Properties (“NAIOP”).

**Significant Accounting Policies**

**Method of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Financial Statement Presentation**

The financial statements are presented in accordance with Statement of Financial Accounting Standards No. 117, “Financial Statements of Not-For-Profit Organizations”, which requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**Note 1 – Organization and Nature of Activities and Significant Accounting Policies:(continued)**

**Significant Accounting Policies (continued)**

**Contributions**

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Contributed Services and Materials**

Local suppliers, contractors, builders, subcontractors and other building industry professionals donate building materials, labor and professional services to the Organization (“In-kind Contributions”). In-kind Contributions have been recorded at the estimated fair value of the materials and services and totaled \$648,701 and \$331,645 for the years ended December 31, 2004 and 2003, respectively. For the year ended December 31, 2005, over 15,000 hours of labor were donated to the Organization. The Organization uses a percentage of completion to recognize donations for multi-year projects.

**Allocated Expenses**

Expenses by function have been allocated among program, fundraising and management and administration based on internal records and estimates made by the Organization’s management.

**Income Tax Status**

The Organization is a nonprofit California corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 523701(d) of the California Revenue and Taxation Code on income related to their tax-exempt purpose. The Organization is not a private foundation.



**Note 1 – Organization and Nature of Activities and Significant Accounting Policies:(continued)**

**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.

**Reclassification**

The Organization has reclassified certain prior year information to conform with current year presentations.

**Note 2 – Restrictions on Net Assets:**

Temporarily restricted net assts consist of the following at December 31:

|   | <u>2005</u>     | <u>2004</u>     |
|---|-----------------|-----------------|
| Victorian Heights                       | \$36,529        | \$20,000        |
| Merle’s Place                           | 12,040          | -0-             |
| Total Temporarily Restricted Net Assets | <u>\$48,569</u> | <u>\$20,000</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the purpose as follows at December 31:

|   | <u>2005</u>     | <u>2004</u>     |
|---|-----------------|-----------------|
| Project direct expenses                 | \$22,185        | \$20,000        |
| Katrina Relief Efforts                  | 5,000           |                 |
| Consultants                             | -0-             | 11,000          |
| Shelter development program expenses    | 12,886          | -0-             |
| Total Temporarily Restricted Net Assets | <u>\$40,071</u> | <u>\$31,000</u> |