

DOOR OF HOPE

AUDITED FINANCIAL STATEMENTS

For the year ended September 30, 2014



STANLEY G. PARKHURST INC.

Certified Public Accountant

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Independent Auditor's Report

The Board of Directors
Door of Hope
Pasadena, CA 91109

I have audited the accompanying statement of financial position of the Door of Hope, as of September 30, 2014 and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion of these financial statements based on our audit.

I conducted the 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 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 the Door of Hope, as of September 30, 2014, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Stanley G. Parkhurst CPA

Stanley G. Parkhurst
Certified Public Accountant
January 7, 2014

Door of Hope
STATEMENT OF FINANCIAL POSITION
 For the Year-Ended September 30, 2014

ASSETS		
Cash	\$	532,606
Accounts receivable		116,096
Prepaid expenses		7,423
Other assets - resident deposits		7,082
Property and equipment, net (note 3)		<u>877,332</u>
	TOTAL ASSETS	\$ <u>1,540,539</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$	15,767
Accrued payroll expense		61,682
Rent deposit payable		6,889
Deferred Grant Revenue - Current		<u>5,087</u>
	TOTAL CURRENT LIABILITIES	<u>89,425</u>
NON-CURRENT LIABILITIES		
Deferred Grant Revenue - Non-Current (note 4)		<u>269,603</u>
	TOTAL NON- CURRENT LIABILITIES	269,603
NET ASSETS		
Unrestricted		<u>1,181,511</u>
	TOTAL NET ASSETS	<u>1,181,511</u>
	TOTAL LIABILITIES AND NET ASSETS	\$ <u>1,540,539</u>

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

Door of Hope
STATEMENT OF ACTIVITIES
For the Year-Ended September 30, 2014

	<u>Total</u>
PUBLIC SUPPORT AND REVENUE	
Public Support	
Contributions	\$ 518,478
Private Foundation - Grants	439,449
Government - Grants	330,230
Government - Capital Projects	5,087
In-Kind Support	<u>212,619</u>
Total Support Income	1,505,863
Revenue	
Program income	35,366
Investment income	64
Other income	<u>4,231</u>
Total Revenue	39,661
TOTAL REVENUES AND OTHER SUPPORT	<u>1,545,524</u>
EXPENSES	
Program services:	1,147,759
Supporting services:	
Management and general	176,505
Fundraising	<u>124,510</u>
TOTAL EXPENSES	<u>1,448,774</u>
INCREASE (DECREASE) IN NET ASSETS	96,750
NET ASSETS, BEGINNING OF YEAR	<u>1,084,761</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,181,511</u></u>

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

Door of Hope
STATEMENT OF FUNCTIONAL EXPENSES
For the Year-Ended September 30, 2014

	Program Services	Support Services		Total
		Management & General	Fund-raising	
Compensation and related expenses				
Salaries and wages	\$ 576,000	\$ 109,540	80,854	\$ 766,394
Payroll taxes	57,069	8,002	7,675	72,746
Employee benefits	28,336	5,389	3,978	37,703
	<u>661,405</u>	<u>122,931</u>	<u>92,507</u>	<u>876,843</u>
Resident housing & food	28,731	-	-	28,731
Resident expenses	4,003	-	-	4,003
Rapid housing rent assistance	39,959	-	-	39,959
Outside services	2,091	8,195	-	10,286
Occupancy				-
Repairs and maintenance	48,879	-	-	48,879
Utilities and telephone	60,038	4,852	1,765	66,655
Insurance	33,902	3,812	2,814	40,528
Supplies, postage & print	1,891	5,141	10,166	17,198
Other Expenses	22,602	29,058	16,410	68,070
				-
Total expenses before depreciation and in-kind goods and services				-
				-
Depreciation	29,609	2,516	848	32,973
In-Kind supplies, food, rent	214,649	-	-	214,649
				-
	<u>\$ 1,147,759</u>	<u>\$ 176,505</u>	<u>124,510</u>	<u>\$ 1,448,774</u>

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

Door of Hope
STATEMENT OF CASH FLOWS
For the Year-Ended September 30, 2014

OPERATING ACTIVITIES	
Increase in net assets	\$ 96,750
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	32,973
Increase in accounts receivable	(34,247)
Increase in prepaid expense	(1,048)
Decrease in other assets	5,119
Decrease in accounts payable	(4,756)
Increase in accrued payroll expense	11,921
Decrease in other liabilities	(5,312)
Increase in deferred grant revenue	<u>274,690</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>376,090</u>
INVESTING ACTIVITIES	
Purchase of furniture and equipment	(32,412)
Leashold improvement expenditures	<u>(359,885)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(392,297)</u>
NET INCREASE IN CASH	<u>(16,207)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>548,813</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 532,606</u>

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

Door of Hope
Notes to Financial Statements
Year Ended September 30, 2014

Note 1: Nature of Organization and Significant Accounting Policies

The Door of Hope, "the Organization", is a non-profit organization dedicated to provide housing, food, clothing, and training for homeless families to prepare them for transitioning back into the workplace and society. The Organization is located in Pasadena, California, where it maintains housing facilities for homeless families. The Organization also operates another two facilities in Glendale and Pasadena, California. The Glendale facility provides transitional housing and case management services for homeless single women with children.

Support and Expenses. Contributions received and unconditional promises to give are measured at their fair market values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated Services, Goods and Facilities. Donated professional services (which include accounting and legal services) are reflected in the statement of activities at their fair value. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

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

Cash and Cash Equivalents. Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days except if those instruments are used to temporarily invest endowment funds until appropriate investments are identified. At year-end and throughout the year, the Organization's cash balances were deposited in bank and money market funds. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Door of Hope
Notes to Financial Statements
Year Ended September 30, 2014

Concentrations of Credit and Market Risk. Financial instruments that potentially expose the Organization to concentrations of credit and market risk consists primarily of cash equivalents and investments. Cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution. The Organization has not experienced any losses on its cash equivalents. The Organization's investments do not represent significant concentrations of market risk inasmuch as the Organization's investment portfolio is adequately diversified among issuers.

Accounts Receivable. Accounts receivable represent contributions and grants pledged for 2013-2014 and collectable in 2014-2015.

Office Furniture and Equipment. Office furniture equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful lives of the assets and computed on the straight-line method.

Income Taxes. The Organization is a non-profit corporation whose revenue is derived from contributions and other fund-raising activities and is not subject to federal or state income taxes.

Note 2 – Functional Allocation of Expenses

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and the fund-raising activities benefited.

Note 3 – Property and Equipment

Furniture & equipment	\$ 130,369
Automobile	35,300
Building & ground improvements	502,889
Building	462,665
Land	<u>147,770</u>
	1,278,993
Accumulated depreciation	<u>-401,661</u>
Property and equipment- net	\$ 877,332

Note 4 - Deferred Grant Revenue

Government grants are recognized when there is a reasonable assurance that the organization will comply with the conditions attaching to them, and that the grants will be received. Government grants related to assets are included in the balance sheet as deferred income and recognized as income over the useful life of the assets.

Note 5 - Commitments & Contingencies

The Organization leases a 16 unit apartment building in Glendale, California, for \$1,888 per month for a term of five years ending November 2016. The annual lease commitments are as follows:

Sept 30, 2015	22,656
Sept 30, 2016	22,656
Over five year commitment	<u>1,888</u>
Total	\$ 47,200