

Financial Statements

DOOR OF HOPE

September 30, 2017



HENSIEK & CARON

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Door of Hope

We have audited the accompanying financial statements of Door of Hope (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 of 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 entity'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 entity'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.

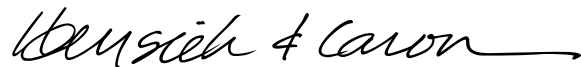
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Door of Hope as of September 30, 2017, 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.

Report on Summarized Comparative Information

We have previously audited the Door of Hope's 2016 financial statements, and our report dated February 7, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Pasadena, CA
February 9, 2018

DOOR OF HOPE
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017
WITH SUMMARIZED INFORMATION AT SEPTEMBER 30, 2016

ASSETS

	2017	2016
Assets		
Cash and cash equivalents	\$ 181,836	\$ 318,750
Accounts receivable, net of allowance for doubtful accounts of \$0 in 2017 and 2016	103,954	87,616
Contributions receivable, net of allowance for doubtful accounts of \$0 in 2017 and 2016	17,094	50,650
Prepaid expenses	32,082	33,035
Property and equipment, net	1,117,460	1,135,467
Total Assets	\$ 1,452,426	\$ 1,625,518

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 114,729	\$ 64,141
Accrued salaries and vacation	69,192	73,165
Security deposits	4,643	4,030
Loan payable	10,000	15,000
Total Liabilities	198,564	156,336
Net Assets		
Unrestricted net assets	1,152,668	1,450,867
Temporarily restricted net assets	101,194	18,315
Total Net Assets	1,253,862	1,469,182
Total Liabilities and Net Assets	\$ 1,452,426	\$ 1,625,518

DOOR OF HOPE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
WITH SUMMARIZED INFORMATION AT SEPTEMBER 30, 2016

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenue				
Contributions and grants	\$ 941,577	\$ 151,188	\$ 1,092,765	\$ 1,136,020
Government awards	331,408	-	331,408	429,896
Gifts in kind	300,056	-	300,056	317,652
Special events, net of direct expenses of \$15,456 in 2017 and \$63,691 in 2016	86,790	-	86,790	86,541
Interest income	1,131	-	1,131	899
Rental income	20,057	-	20,057	16,235
Program income	7,465	-	7,465	4,119
Other income	1,219	-	1,219	677
Net assets released from program restrictions	68,309	(68,309)	-	-
Total Support and Revenue	1,758,012	82,879	1,840,891	1,992,039
Expenses				
Program	1,557,603	-	1,557,603	1,501,761
Management and general	327,770	-	327,770	235,831
Fundraising	170,838	-	170,838	229,186
Total Expenses	2,056,211	-	2,056,211	1,966,778
Change in Net Assets	(298,199)	82,879	(215,320)	25,261
Net Assets, Beginning of Year	1,450,867	18,315	1,469,182	1,443,921
Net Assets, End of Year	\$ 1,152,668	\$ 101,194	\$ 1,253,862	\$ 1,469,182

The accompanying notes are an integral part of these statements.

DOOR OF HOPE
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
WITH SUMMARIZED INFORMATION AT SEPTEMBER 30, 2016

	2017	2016
Cash Flows from Operating Activities		
Cash received from donors	\$ 1,218,316	\$ 1,235,602
Cash received from governmental and individual service recipients	323,148	461,109
Cash received from others	21,276	19,322
Cash paid to suppliers and employees	(1,632,822)	(1,620,742)
Interest and dividends received	1,131	899
	(68,951)	96,190
Cash Flows from Investing Activities		
Additions to property and equipment	(62,963)	(239,865)
Cash Flows from Financing Activities		
Proceeds on loan payable	-	15,000
Payments on loan payable	(5,000)	-
	(5,000)	15,000
Net Cash (Used in) Provided by Operating Activities	(68,951)	96,190
Net Decrease in Cash	(136,914)	(128,675)
Cash and Cash Equivalents, Beginning	318,750	447,425
Cash and Cash Equivalents, Ending	\$ 181,836	\$ 318,750
Reconciliation of the Change in Net Assets		
To Net Cash (Used in) Provided by Operating Activities		
Change in Net Assets	\$ (215,320)	\$ 25,261
Adjustments to reconcile the change in net assets to net cash (used in) provided by operating activities		
Depreciation	80,970	68,775
(Increase) Decrease in:		
Accounts receivable	(16,338)	25,474
Contributions receivable	33,556	(50,650)
Prepaid expenses	953	(5,061)
Other assets	-	2,410
Increase (Decrease) in:		
Accounts payable	50,588	16,544
Accrued salaries and vacation	(3,973)	11,817
Security deposits	613	1,620
	(68,951)	96,190
Net Cash Used in Operating Activities	\$ (68,951)	\$ 96,190

The accompanying notes are an integral part of these statements.

DOOR OF HOPE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017
WITH SUMMARIZED INFORMATION AT SEPTEMBER 30, 2016

	2017			2016	
	Program	Management and General	Fundraising	Total	Total
Salaries	\$ 802,925	\$ 174,754	\$ 68,683	\$ 1,046,362	\$ 1,059,785
Occupancy	278,408	4,767	690	283,865	266,458
Program expenses	152,576	792	-	153,368	147,849
Benefits	109,124	13,102	10,449	132,675	117,046
Professional fees	4,735	67,159	39,050	110,944	65,170
Payroll taxes	71,367	16,458	6,134	93,959	96,288
Depreciation	62,132	13,523	5,315	80,970	68,775
Rental assistance	49,585	-	-	49,585	38,419
Insurance	12,402	7,015	-	19,417	17,505
Computer expenses	1,184	8,508	7,015	16,707	8,878
Office supplies	1,158	5,135	9,538	15,831	17,767
Advertising	-	44	12,739	12,783	21,010
Education and meetings	3,561	8,485	437	12,483	14,928
Printing, copying and postage	-	538	9,903	10,441	11,649
Travel	8,438	669	885	9,992	10,402
Merchant and bank fees	8	5,637	-	5,645	4,455
Taxes and licenses	-	1,184	-	1,184	394
Total Expenses	\$ 1,557,603	\$ 327,770	\$ 170,838	\$ 2,056,211	\$ 1,966,778
	76%	16%	8%	100%	100%

The accompanying notes are an integral part of these statements.

DOOR OF HOPE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Note 1 – Summary of Significant Accounting Policies

Nature of the Organization

The Door of Hope, (“the Organization”), established in 1985, is a nonprofit, faith-based organization whose mission is to equip homeless families to rebuild their lives. Through its comprehensive housing program, Rapid Re-housing, and services, Door of Hope provides a compassionate pathway to long-term life change for families experiencing homelessness in the greater San Gabriel Valley area of Los Angeles County. Serving more than 625 families over the last 30 plus years, Door of Hope’s unwavering focus has remained on helping families transition from homelessness, to self-sufficiency and permanent housing. In the past year, 67 families were served including well over 100 children.

Public Support and Revenue

Donations are recorded as made. All donations are considered to be available for unrestricted use unless specifically restricted by the donor.

Amounts received or promised that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Donated securities and other non-cash donations are recorded at estimated fair values at the date of donation. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Accounts, Contributions and Grants Receivable

The Organization uses the direct write off method to determine uncollectible receivables. The annual write off is based on management’s analysis of specific receivables. Management has determined that all receivables are collectible.

Property and Equipment

Property, equipment and web site are stated at cost or, if donated, at the approximate fair market value at the date of donation. It is the Organization’s policy to capitalize expenditures for these items in excess of \$1,000. Depreciation is provided using the straight-line method over three to twenty-seven years.

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 the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cash Flows

For the purpose of the statement of cash flows, The Organization includes all cash in banks and other financial institutions, and certain highly liquid money market accounts designated for temporary cash investment.

DOOR OF HOPE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is qualified under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Nonprofit organizations are not generally liable for taxes on income; therefore, no provision is made for such taxes in the financial statements.

The accounting standard on accounting for uncertainty in income taxes provides guidance on how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. Examples of tax positions include the tax-exempt status of The Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The Organization believes that it has no uncertain tax positions that impact its financial statements.

The Organization files form 990 with the Internal Revenue Service, and files related exempt organization returns in the State of California. The returns are generally no longer subject to examination by the Internal Revenue Service after three years, or by the State of California after four years.

Note 2 – Concentration of Credit Risk

Financial instruments, which potentially subject The Organization to concentrations of credit risk, consist of cash and cash equivalents. The Organization maintains its cash balances at several financial institutions. Cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At September 30, 2017, the Organization had no uninsured cash balances.

Note 3 – Property and Equipment

Property and equipment consists of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 147,770	\$ 147,770
Buildings and improvements	1,282,418	1,282,418
Vehicles	59,948	35,300
Furniture and equipment	156,339	155,013
Construction in progress	70,922	33,932
	<u>1,717,397</u>	<u>1,654,433</u>
Less accumulated depreciation	599,937	518,966
	<u>\$ 1,117,460</u>	<u>\$ 1,135,467</u>

Note 4 – Loan Payable

The Organization has a loan payable to Verdugo Housing Corporation, which bears no interest. Principal payments of \$417 are payable on a monthly basis beginning November 1, 2016. The loan is unsecured and is due on October 31, 2019. The balance at September 30, 2017 and 2016 was \$10,000 and \$15,000, respectively.

DOOR OF HOPE
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Note 4 – Loan Payable (continued)

Future minimum payments on the term loan are as follows:

<u>Year ending September 30,</u>	
2018	\$ 4,584
2019	5,000
2020	416

Note 5 – Lease Commitments

The Organization leases an apartment complex under a noncancelable lease agreement originally expiring on October 31, 2016. During the year the lease was renewed for an additional ten years expiring on October 31, 2026. In addition, the landlord provides a discount on the lease totaling \$155,544 per year. This is included on the Statement of Activities in gifts in kind and on the Statement of Functional Expenses in occupancy expenses. Minimum payments under this operating lease are as follows:

<u>Year ending September 30,</u>	
2018	\$ 23,336
2019	23,336
2020	24,016
2021	24,502
2022	24,502
Thereafter	104,136

Rent expense for the year ended September 30, 2017 and 2016 was \$185,855 and \$178,200, respectively.

Note 6 – Net Assets

Temporarily restricted net assets consist of the following:

	<u>2017</u>	<u>2016</u>
Temporarily Restricted Net Assets		
Building upgrades	\$ 71,008	\$ 18,315
Homelessness program	29,642	-
Youth program	544	-
Total Temporarily Restricted Net Assets	<u>\$ 101,194</u>	<u>\$ 18,315</u>

Note 7 – Subsequent Events

Subsequent events were evaluated through February 9, 2018, which is the date the financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.