

Financial Statements

DOOR OF HOPE

December 31, 2021



HENSIEK & CARON

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Door of Hope

Opinion

We have audited the accompanying financial statements of Door of Hope (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Door of Hope as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Door of Hope and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Door of Hope's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it

exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

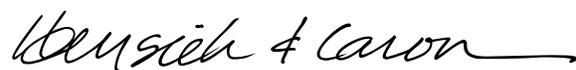
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Door of Hope's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Door of Hope's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Door of Hope's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 2, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Pasadena, CA
May 25, 2022

DOOR OF HOPE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
WITH SUMMARIZED INFORMATION AT DECEMBER 31, 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 3,132,333	\$ 2,650,982
Accounts receivable, net of allowance for doubtful accounts of \$0 for 2021 and 2020	15,565	52,794
Contributions and pledges receivable, net of allowance for doubtful accounts of \$5,110 for 2021 and \$8,000 for 2020	1,411,511	915,686
Prepaid expenses	65,284	55,160
Investments	556,001	-
Property and equipment, net	987,272	943,950
Security deposit	8,937	-
	<u>6,176,903</u>	<u>4,618,572</u>
Total Assets	<u>\$ 6,176,903</u>	<u>\$ 4,618,572</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 65,648	\$ 69,127
Accrued salaries and vacation	148,318	122,494
Refundable advances	-	190,000
Security deposits	9,050	5,400
	<u>223,016</u>	<u>387,021</u>
Total Liabilities	<u>223,016</u>	<u>387,021</u>
Net Assets		
Without donor restrictions	5,039,487	4,188,270
With donor restrictions	914,400	43,281
	<u>5,953,887</u>	<u>4,231,551</u>
Total Net Assets	<u>5,953,887</u>	<u>4,231,551</u>
Total Liabilities and Net Assets	<u>\$ 6,176,903</u>	<u>\$ 4,618,572</u>

The accompanying notes are an integral part of these statements.

DOOR OF HOPE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED INFORMATION AT DECEMBER 31, 2020

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue				
Contributions and grants	\$ 3,662,871	\$ 1,303,403	\$ 4,966,274	4,148,631
Government awards	91,991	-	91,991	191,832
Gifts in kind	488,136	-	488,136	350,261
Investment returns	18,735	27,473	46,208	5,138
Rental income	23,153	-	23,153	15,116
Program income	10,164	-	10,164	6,066
Other income	1,937	-	1,937	4,876
Net assets released from program restrictions	459,757	(459,757)	-	-
Total Support and Revenue	4,756,744	871,119	5,627,863	4,721,920
Expenses				
Program	3,108,215	-	3,108,215	2,668,771
Management and general	274,586	-	274,586	166,454
Fundraising	522,726	-	522,726	310,445
Total Expenses	3,905,527	-	3,905,527	3,145,670
Change in Net Assets	851,217	871,119	1,722,336	1,576,250
Net Assets, Beginning of Year	4,188,270	43,281	4,231,551	2,655,301
Net Assets, End of Year	\$ 5,039,487	\$ 914,400	\$ 5,953,887	\$ 4,231,551

The accompanying notes are an integral part of these statements.

DOOR OF HOPE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED INFORMATION AT DECEMBER 31, 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 1,722,336	\$ 1,576,250
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Depreciation	104,446	108,905
Uncollectible pledges	(2,890)	1,400
Forgiveness of loan payable -Paycheck Protection Program	-	(250,400)
Realized and unrealized gains on investments	(41,783)	-
Contributions received for long-term purposes	(310,000)	-
(Increase) Decrease in:		
Accounts receivable	37,229	(36,957)
Contributions receivable	(492,935)	(369,491)
Prepaid expenses	(10,124)	(13,873)
Security deposit	(8,937)	-
Increase (Decrease) in:		
Accounts payable	(3,479)	39,878
Accrued salaries and vacation	25,824	29,209
Refundable advances	(190,000)	190,000
Security deposits	3,650	(1,250)
Net Cash Provided by Operating Activities	<u>833,337</u>	<u>1,273,671</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	1,490	-
Purchases of investments	(515,708)	-
Additions to property and equipment	(147,768)	(138,527)
Net Cash Used in Investing Activities	<u>(661,986)</u>	<u>(138,527)</u>
Cash Flows from Financing Activities		
Proceeds from loan payable - Paycheck Protection Program	-	250,400
Contributions received for long-term purposes	310,000	-
Net Cash Provided by Financing Activities	<u>310,000</u>	<u>250,400</u>
Net Increase in Cash	481,351	1,385,544
Cash and Cash Equivalents, Beginning	<u>2,650,982</u>	<u>1,265,438</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,132,333</u>	<u>\$ 2,650,982</u>

The accompanying notes are an integral part of these statements.

DOOR OF HOPE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARIZED INFORMATION AT DECEMBER 31, 2020

	2021			2020	
	Program	Management and General	Fundraising	Total	Total
Salaries	\$ 1,355,789	\$ 143,687	\$ 201,872	\$ 1,701,348	1,496,469
Occupancy	631,734	11,594	17,038	660,366	443,687
Rental assistance	441,820	-	-	441,820	343,030
Benefits	182,018	18,411	29,519	229,948	190,320
Supplies	179,365	26,452	671	206,488	161,501
Payroll taxes	112,330	10,141	14,336	136,807	121,737
Depreciation	104,445	-	-	104,445	108,905
Professional fees	15,109	26,215	59,962	101,286	71,119
Office supplies	8,696	7,147	70,046	85,889	48,868
Printing, copying and postage	77	581	62,026	62,684	23,256
Computer expenses	32,050	7,719	8,068	47,837	27,720
Education and meetings	9,965	20,205	7,712	37,882	12,738
Insurance	27,264	399	51	27,714	25,586
Merchant and bank fees	163	1,797	21,007	22,967	16,354
Advertising	294	63	22,214	22,571	9,078
Bad debts	-	-	8,000	8,000	38,925
Travel	5,564	175	204	5,943	5,257
Taxes and licenses	1,532	-	-	1,532	1,120
Total Expenses	\$ 3,108,215	\$ 274,586	\$ 522,726	\$ 3,905,527	3,145,670
	80%	7%	13%	100%	

The accompanying notes are an integral part of these statements.

DOOR OF HOPE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 empower families facing homelessness to transform their lives. Through its comprehensive housing program, homelessness prevention program, and alumni support programs, and services, Door of Hope provides a compassionate pathway to long-term life change for families facing homelessness in Los Angeles County. Serving more than 950 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, 287 families were served including well over 580 children.

Public Support and Revenue

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents, its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Accounts and Contributions Receivable

Accounts and contributions receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts and contributions receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization’s policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

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 \$5,000. Depreciation is provided using the straight-line method over three to twenty-seven years.

DOOR OF HOPE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Investments

Investments are valued at fair value, with realized and unrealized gains and losses reflected in the statements of activities. The fair value of investments is generally based on quoted market value.

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.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. 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 based on periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

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 December 31, 2021, the Organization's uninsured cash balance was \$901,310.

DOOR OF HOPE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 3 – Contributions and Pledges Receivable

Contributions receivable including grants and pledges receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition. The allowance for uncollectible contributions receivable is determined based on management’s evaluation of the collectability of individual promises.

Unconditional promises to give (pledges) consist of the following:

	2021	2020
Receivable in less than one year	\$ 1,012,308	\$ 385,405
Receivable in one to five years	404,313	538,281
Total unconditional promises to give	1,416,621	923,686
Less discounts to net present value	-	-
Less allowance for uncollectible pledges	(5,110)	(8,000)
Net unconditional promises to give	<u>\$ 1,411,511</u>	<u>\$ 915,686</u>

The pledges are unrestricted.

Note 4 – Property and Equipment

Property and equipment consists of the following:

	2021	2020
Land	\$ 147,770	\$ 147,770
Buildings and improvements	1,677,598	1,672,363
Vehicles	98,748	98,748
Furniture and equipment	311,846	189,109
Construction in progress	19,795	-
	<u>2,255,757</u>	<u>2,107,990</u>
Less accumulated depreciation	1,268,485	1,164,040
	<u>\$ 987,272</u>	<u>\$ 943,950</u>

Note 5 – Paycheck Protection Program Loan

On April 15, 2020, the Organization obtained a \$250,400 loan from Community Commerce Bank, pursuant to the Paycheck Protection Program (PPP), under the Coronavirus Aid Relief and Economic Security Act (CARES Act), which was enacted on March 27, 2020. Funds from the loan may only be used for payroll costs, employee health insurance, mortgage interest, rent or lease obligations and utilities.

The Organization was required to apply for loan forgiveness. On November 2, 2020, the Small Business Administration (SBA) confirmed full and complete forgiveness of the unpaid balance. The forgiven balance of \$250,400 is included in contributions and grants income on the statements of activity and changes in net assets.

DOOR OF HOPE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 6 – Investments and Fair Value Measurements

Fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2021 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Money market funds	\$ 41,253	\$ 41,253	\$ -	\$ -
Mutual funds	514,748	514,748	-	-
	<u>\$ 556,001</u>	<u>\$ 556,001</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following:

	<u>2021</u>	<u>2020</u>
Capital improvements	\$ 368,066	\$ -
Youth programs	60,860	16,882
Leasing support	49,941	-
Alumni homelessness prevention	30,000	14,363
Education support	27,938	5,778
Future growth fund	25,000	-
Male mentoring	-	4,158
Mental health support	-	2,100
Interns	15,000	-
Medical costs	122	-
Investment returns on endowment funds not yet appropriated for expenditure	27,473	-
	<u>604,400</u>	<u>43,281</u>
Endowment funds	310,000	-
Total net assets with donor restrictions	<u>\$ 914,400</u>	<u>\$ 43,281</u>

Note 8 – Endowment

Board-designated Endowment

As of May 31, 2021, the Board of Directors designated \$200,000 of net assets without donor restrictions as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

DOOR OF HOPE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 8 – Endowment (continued)

The spending, investment return objectives, risk parameters, strategies and spending policy follow the same policies that apply to donor-restricted endowment funds.

Composition of and changes in endowment net assets for the year ended December 31, 2021 were as follows:

Board-designated endowment net assets, December 31, 2020	\$ -
Contributions	200,000
Investment returns	18,528
Board-designated endowment net assets, December 31, 2021	<u>\$ 218,528</u>

Donor-designated Endowment

The Organization's endowment consists of a fund established for general operations. The endowment includes only donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund and (d) amounts that have not been appropriated for by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Organization, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in mutual funds, that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution equal to the lesser of 5% or the income generated by the underlying securities. The Organization expects its endowment assets, over time, to produce an average rate of return of approximately 7% annually.

DOOR OF HOPE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 8 – Endowment (continued)

Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Organization has a policy of appropriating for distribution each year an amount equal to the lesser of 5% or the income generated by the endowment assets for the prior year-end. In establishing this policy, The Organization considered the long-term expected return on its investment assets, the nature and duration of the endowment fund, which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. This is consistent with the Organization’s objective to maintain the purchasing power of the endowment assets.

Changes in donor-restricted endowment net assets are as follows:

Endowment net assets, December 31, 2020	\$ -
Contributions	310,000
Investment returns	27,473
Amounts appropriated for expenditure	-
Endowment net assets, December 31, 2021	\$ 337,473

Note 9 – Lease Commitments

The Organization leases an apartment complex under a noncancelable lease agreement expiring on October 31, 2026. The landlord provides a discount on the lease. The discount for the year ending December 31, 2021 was \$269,736. This is included on the Statement of Activities in gifts in kind and on the Statement of Functional Expenses in occupancy expenses.

The Organization leases an additional apartment complex under a noncancelable lease agreement expiring on December 31, 2026. The landlord provides this as a gift in kind. The discount for the year ending December 31, 2021 was \$120,000. This is included on the Statement of Activities in gifts in kind and on the Statement of Functional Expenses in occupancy expenses.

The Organization operates from offices under a noncancelable lease agreement expiring December 2026.

Minimum payments under these operating leases, after the landlord’s discount, are as follows:

Year ending December 31,	
2022	\$ 103,394
2023	107,856
2024	112,317
2025	116,165
2026	115,726

Rent expense, including the discount, for the year ended December 31, 2021 and 2020 was \$452,338 and \$332,338 respectively.

DOOR OF HOPE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 10 – Fair Value Measurements

Promises to Give – Fair Value Election

Unconditional promises to give are reported at net realizable value if at the time the promise is made payment is expected to be received in one year or less. Unconditional promises that are expected to be collected in more than one year are reported at fair value initially and in subsequent periods because the Organization elected that measure in accordance with SFAS No. 159, *The Fair Value Option of Financial Assets and Financial Liabilities*. Management believes that the use of fair value reduces the cost of measuring unconditional promises to give in periods subsequent to their receipt and provides equal or better information to users of its financial statements than if those promises were measured using present value techniques and historical discount rates.

Management considers the relationship with the donor, the donor's past history of making timely payments, and the donor's overall creditworthiness and incorporates this into a fair value measurement computation using present value techniques. The rate used in 2021 and 2020 was 0%.

The interest element resulting from amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution income.

The table below presents information about unconditional promises to give at December 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Promises Measured at Fair Value		
Promised cash flows	\$ 1,012,308	\$ 538,281
Carrying amount	1,012,308	538,281
Fair value estimate	1,012,308	538,281
Measurement basis	Level 3	Level 3
Contribution income	1,123,556	901,600
Total changes included in the statement of activities	\$ 1,126,446	\$ 862,675
Promises Measured at Net Realizable Value		
Carrying amount	\$ 399,203	\$ 377,405
Total carrying amount for unconditional promises to give	1,411,511	915,686

The table below presents information about the changes in unconditional promises to give for the twelve months ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 915,686	\$ 547,595
Collections	(630,621)	(494,584)
Contribution revenue	1,123,556	901,600
Management and general (write-offs)	2,890	(38,925)
Ending balance	<u>\$ 1,411,511</u>	<u>\$ 915,686</u>

DOOR OF HOPE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 11 – Liquidity and Availability of Financial Assets

The following reflects the Organization’s financial assets at the statement of financial position date, reduced by amounts not available for general use within one year of the statement date because of contractual or donor-imposed restrictions.

Financial assets at December 31, 2021 is comprised of:

Cash and cash equivalents	\$ 3,132,333
Accounts receivable	15,565
Contributions receivable	1,411,511
Investments	556,001
Total financial assets at December 31, 2021	<u>5,115,410</u>
Perpetual endowments and accumulated earnings subject to appropriation beyond one year	321,973
Contribution payment due in more than one year	<u>399,203</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 4,394,234</u></u>

The Organization has certain donor-restricted net assets that are available for general expenditures within one year of December 31, 2021, because the restrictions on the net assets are expected to be met by conducting the normal activities of the programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

The Organization is substantially supported by contributions with restrictions and without restrictions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus financial assets may not be available for general expenditure within one year. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 12 – Refundable Advances

Refundable advances include donations restricted for an endowment fund if the board votes to match the funds raised. Subsequent to year end, the board elected to match the restricted funds. In 2021, the refundable advance has been recognized as income and increased net assets with donor restrictions.

Note 13 – Commitments and Contingencies

In early March 2020, the spread of Coronavirus Disease 2019 (“COVID-19”) was declared a global pandemic. As a result of efforts to slow the spread of COVID-19, the Organization reorganized and continued operations.

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Note 13 – Commitments and Contingencies (continued)

The Organization continues to actively monitor the current and potential impacts of COVID-19, and will prepare and plan accordingly. The continued spread of COVID-19 could adversely impact results of operations, cash flows and financial conditions. However, the Organization is not able to predict any potential impact at this time. No adjustments were necessary to the financial statements with respect to this matter.

Note 14 – Subsequent Events

Subsequent events were evaluated through May 25, 2022, 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.