

HOPE'S DOOR, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

HOPE'S DOOR, INC.
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FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

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HECKLER & O'KEEFE
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

MYRON J. HECKLER, CPA (RETIRED)
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hope's Door, Inc.

We have audited the accompanying financial statements of Hope's Door, Inc., which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities 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 audit 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 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 Hope's Door, Inc. as of June 30, 2014 and 2013, 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.

Heckler & O'Keefe CPAs P.C.
Heckler & O'Keefe, CPAs, P.C.

Armonk, NY
December 12, 2014

HOPE'S DOOR, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

	2014	2013
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 549,746	\$ 656,797
Certificates of Deposit	315,033	316,310
Investment-Deferred Fixed Annuity	104,799	103,733
Accounts Receivable, net of allowance (Note 3)	129,092	132,290
Grants Receivable	87,732	37,699
Prepaid Expenses	18,015	16,427
Total Current Assets	1,204,417	1,263,256
 Property and Equipment:		
Fixed Assets, at cost	1,236,420	1,229,098
Less: Accumulated depreciation	(578,215)	(546,941)
Net Fixed Assets (Note 4)	658,205	682,157
 Other Assets:		
Intangible Assets, net of amortization (Note 5)	24,968	6,612
Security Deposits	5,314	5,314
Escrow Deposits	1,500	-
TOTAL ASSETS	\$ 1,894,404	\$ 1,957,339
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable & Accrued Expenses	\$ 108,347	\$ 168,286
Agency Transaction Payable	5,000	-
Total Current Liabilities	113,347	168,286
 Long Term Liabilities:		
Loan Payable (Note 6)	242,205	271,125
Total Long Term Liabilities	242,205	271,125
 Net Assets:		
Unrestricted	958,740	1,002,744
Temporarily Restricted	580,112	515,184
Total Net Assets	1,538,852	1,517,928
 TOTAL LIABILITIES AND NET ASSETS	 \$ 1,894,404	 \$ 1,957,339

See independent auditor's report and accompanying notes to financial statements.

HOPE'S DOOR, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014			2013		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Revenue and Other Support:						
Contributions (Note 8)	\$ 250,472	\$ -	\$ 250,472	\$ 341,260	\$ -	\$ 341,260
Shelter Fees (Note 10)	553,976	-	553,976	574,741	-	574,741
Grants	679,484	168,920	848,404	708,275	121,318	829,593
Special Events	183,367	-	183,367	163,609	-	163,609
Other Revenue	222	-	222	254	-	254
Investment Income	5,955	-	5,955	7,286	-	7,286
Donations In-Kind	11,900	-	11,900	-	-	-
Net Assets Released From Restriction	103,992	(103,992)	-	91,528	(91,528)	-
Total Revenue and Other Support	<u>1,789,368</u>	<u>64,928</u>	<u>1,854,296</u>	<u>1,886,953</u>	<u>29,790</u>	<u>1,916,743</u>
Expenses:						
Program Services:						
Shelter Program	722,103	-	722,103	722,086	-	722,086
Non-Residential Program	729,339	-	729,339	640,647	-	640,647
Total Program Expenses	<u>1,451,442</u>	<u>-</u>	<u>1,451,442</u>	<u>1,362,733</u>	<u>-</u>	<u>1,362,733</u>
Support Services:						
Management & General	142,221	-	142,221	192,845	-	192,845
Fund Raising	239,709	-	239,709	204,348	-	204,348
Total Support Services	<u>381,930</u>	<u>-</u>	<u>381,930</u>	<u>397,193</u>	<u>-</u>	<u>397,193</u>
Total Expenses	<u>1,833,372</u>	<u>-</u>	<u>1,833,372</u>	<u>1,759,926</u>	<u>-</u>	<u>1,759,926</u>
Increase (Decrease) in Net Assets	(44,004)	64,928	20,924	127,027	29,790	156,817
Net Assets, Beginning of Year	<u>1,002,744</u>	<u>515,184</u>	<u>1,517,928</u>	<u>875,717</u>	<u>485,394</u>	<u>1,361,111</u>
Net Assets, End of Year	<u>\$ 958,740</u>	<u>\$ 580,112</u>	<u>\$ 1,538,852</u>	<u>\$ 1,002,744</u>	<u>\$ 515,184</u>	<u>\$ 1,517,928</u>

See independent auditor's report and accompanying notes to financial statements.

HOPE'S DOOR, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	Program Services			Supporting Services			Total 2013/2014 Expenses	Total 2012/2013 Expenses
	Shelter	Non Residential	Total Program Expenses	Management & General	Fund Raising	Total Support Services		
Salaries	\$ 383,550	\$ 467,197	\$ 850,747	\$ 60,560	\$ 119,370	\$ 179,930	\$ 1,030,677	\$ 977,141
Fringe Benefits and Payroll Related Costs	135,103	119,622	254,725	26,104	26,690	52,794	307,519	308,448
Rent & Occupancy	8,310	56,371	64,681	16,620	7,479	24,099	88,780	85,611
Utilities	18,423	1,347	19,770	-	-	-	19,770	17,734
Telephone	10,011	3,357	13,368	849	382	1,231	14,599	14,475
Food	16,769	100	16,869	-	-	-	16,869	4,250
Special Events	-	-	-	-	58,228	58,228	58,228	59,857
Postage	123	1,254	1,377	1,709	2,810	4,519	5,896	3,586
Supplies	17,423	21,536	38,959	6,291	5,797	12,088	51,047	38,677
Travel	21,385	7,850	29,235	617	806	1,423	30,658	19,453
Insurance	8,808	11,486	20,294	1,391	2,550	3,941	24,235	23,434
Professional Services	7,637	8,875	16,512	1,281	9,029	10,310	26,822	55,925
Repairs and Maintenance	26,584	3,054	29,638	5,768	-	5,768	35,406	32,967
Meetings and Conferences	817	1,610	2,427	1,169	100	1,269	3,696	4,571
Dues and Fees	515	1,084	1,599	5,787	810	6,597	8,196	7,530
Equipment Leases and Rentals	5,071	2,868	7,939	2,269	328	2,597	10,536	8,496
Taxes	4,542	76	4,618	-	-	-	4,618	6,636
Printing and Reproduction	-	-	-	-	3,842	3,842	3,842	3,004
Publications	-	85	85	240	-	240	325	335
Staff Development and Training	690	1,253	1,943	3,694	425	4,119	6,062	4,699
Advertising	801	1,452	2,253	1,571	92	1,663	3,916	449
Client Costs	7,365	1,351	8,716	-	-	-	8,716	4,652
Depreciation and Amortization	40,953	4,313	45,266	5,117	971	6,088	51,354	49,960
Newsletter	-	9,595	9,595	-	-	-	9,595	13,365
Special Needs	7,223	691	7,914	-	-	-	7,914	10,967
Miscellaneous	-	2,912	2,912	1,184	-	1,184	4,096	3,704
	<u>\$ 722,103</u>	<u>\$ 729,339</u>	<u>\$ 1,451,442</u>	<u>\$ 142,221</u>	<u>\$ 239,709</u>	<u>\$ 381,930</u>	<u>\$ 1,833,372</u>	<u>\$ 1,759,926</u>

See independent auditor's report and accompanying notes to financial statements.

HOPE'S DOOR, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in Net Assets	\$ 20,924	\$ 156,817
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	51,354	49,960
Amortization of HHAC Award	(28,920)	(28,920)
(Increase)/Decrease in Assets:		
Accounts Receivable	3,198	(13,662)
Grants Receivable	(50,033)	43,557
Prepaid Expenses	(1,588)	(2,261)
Security Deposits	-	(100)
Escrow Deposits	(1,500)	-
Increase/(Decrease) in Liabilities:		
Accounts Payable & Accrued Expenses	(59,939)	(12,234)
Agency Transaction Payable	5,000	-
Net Cash Provided/(Used) by Operating Activities	(61,504)	193,157
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Certificates of Deposits	(150,000)	(270,043)
Redemption of Certificates of Deposit	150,000	98,954
Investment Earnings - Annuity	(1,067)	-
Investment Earnings - Certificate of Deposits	1,276	
Receipt of Donated Marketable Securities	-	(7,632)
Sale of Donated Marketable Securities	-	7,632
Purchase of Fixed Assets	(26,307)	(30,720)
Purchase of Intangible Asset	(19,449)	(6,649)
Net Cash Used by Investing Activities	(45,547)	(208,458)
Net Decrease In Cash & Cash Equivalents	(107,051)	(15,301)
Cash & Cash Equivalents - Beginning of Year	656,797	672,098
Cash & Cash Equivalents - End of Year	\$ 549,746	\$ 656,797

See independent auditor's report and accompanying notes to financial statements.

HOPE'S DOOR, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Hope's Door, Inc. (the Organization) located in Westchester County, New York, was founded on April 4, 1980, as a not-for-profit organization providing programs to help victims of domestic violence and abuse. On September 1, 2009, the Organization amended its certificate of incorporation to change its name from The Northern Westchester Shelter, Inc. to Hope's Door, Inc. The Organization seeks to help victims of domestic violence and abuse achieve safety, explore their options and evolve from a victim to survivor by offering the following services: 1) emergency shelter program, 2) 24-hour hotline, 3) safety planning, 4) counseling and advocacy services, 5) legal advocacy and referral services, 6) support groups, 7) children's and teen programs, and 8) community and workplace education and outreach programs.

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Promises to give

Contributions are recognized when the donor makes a promise to give a donation 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 restriction expires in the fiscal year. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the restriction. When a restriction expires, temporarily restricted assets are reclassified to unrestricted 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 reported amounts of assets and liabilities and disclosures 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.

Functional allocation of expenses

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

See independent auditor's report.

HOPE'S DOOR, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets

The Organization records purchases of property and equipment at cost. Major additions and improvements are capitalized, while maintenance and repairs, which do not improve or extend the life of the respective asset, are expensed currently. Land is not depreciated. Depreciation is provided by using the straight-line method over the estimated useful lives of the related assets. In the year of acquisition or disposal, the half year convention is used. In computing depreciation, the following useful lives are used:

Furniture, computers and equipment	-	5 years
Buildings	-	27.5 years
Building improvements	-	20 years

Donations of property are recorded as support at their estimated fair value when received. Such donations are reported as unrestricted unless the donor has restricted the donated asset to a specific purpose.

Intangible assets

The Organization records purchases of intangible assets at cost, less accumulated amortization. Amortization is computed monthly, over the estimated useful lives of the asset which is 15 years.

Income taxes

The Organization is a corporation organized under the Not-for-Profit Corporation Laws of New York State. The corporation is recognized as tax exempt under Section 501 (c)(3) of the Internal Revenue Code. The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

Cash and cash equivalents

The Organization considers deposits that can be redeemed on demand and investments that have original maturities of less than three months, when purchased, to be cash equivalents. For the years ended June 30, 2014 and 2013, the Organization's cash and cash equivalents were deposited primarily in five financial institutions.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which income or gains are recognized.

See independent auditor's report.

HOPE'S DOOR, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants in the principal market or in the most advantageous market when no principal market exists. Market participants are assumed to be independent, knowledgeable, able and willing to transact an exchange and not under duress. Nonperformance or credit risk is considered when determining the fair value of liabilities.

Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

The carrying amounts reflected in the statement of financial position for cash and cash equivalents, prepaids, accounts payable, notes payable and accruals are deemed to be reasonable estimates of their fair value. The carrying value of the single payment deferred fixed annuity is the initial purchase price plus the interest credited to the account less any withdrawals and applicable taxes.

Employee benefit plan

The Organization maintains a defined contribution and salary reduction 401(k) plan that covers all its eligible employees after one year of service. Employees may elect to defer a portion of their salary on a tax deferred basis up to annual limits imposed by the Internal Revenue Service. The Organization may also make a discretionary profit sharing contribution. For the years ended June 30, 2014 and 2013, the discretionary profit sharing contribution was \$15,000 and \$40,000, respectively.

Allowance for Doubtful accounts

The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible amount. The Organization's estimate is based on historical collection experience and a review of the current status of trade accounts receivable. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change. Accounts receivable are presented net of an allowance for doubtful accounts of \$14,002 and \$32,143 at June 30, 2014, and 2013, respectively.

Donations In-Kind

Periodically, the Organization receives donations of various items such as toiletries and clothing. The items are to be used by residents of the shelter or by individuals participating in one of the programs. The value of these donations is not reflected in the attached financial statements as the monetary value of these items is not deemed material to the overall activity of the Organization. During the year ended June 30, 2012, the Organization received the donation of a professional office space located in Ossining, New York to expand its services. The fair market value of the donation of \$51,802 is reflected as support in the statement of activities. The same capitalized value of the office space is reflected as a building asset in the statement of financial position at June 30, 2014 and 2013. For the year ended June 30, 2014, the Organization received and recorded donations in kind valued at \$11,900 relating to professional services received in connection with fundraising special events.

See independent auditor's report.

HOPE'S DOOR, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent events

The Organization has evaluated material subsequent events through the date these financial statements were available to be issued on December 12, 2014.

NOTE 2 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2014 and 2013 consist of the following:

	<u>June 30</u>	
	<u>2014</u>	<u>2013</u>
Program-“Love Should Not Hurt”	\$ -	\$ 21,136
Program-“Safe Moms Make Safe Kids”	8,213	4,807
Program-“STAR”	-	1,041
Program – “Next Step”	66,181	-
Children and teen programs	6,511	1,511
Multi-lingual counselor	-	2,047
HHAC award- Shelter program	480,795	451,875
Shelter Improvements	11,470	-
Ossining Office(staffing & operations)	<u>6,942</u>	<u>32,767</u>
Total temporarily restricted net assets	<u>\$580,112</u>	<u>\$515,184</u>

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>June 30</u>	
	<u>2014</u>	<u>2013</u>
Accounts receivable	\$143,094	\$164,433
Less: Allowance for doubtful accounts	<u>(14,002)</u>	<u>(32,143)</u>
	<u>\$129,092</u>	<u>\$132,290</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2014 and 2013:

	<u>June 30</u>	
	<u>2014</u>	<u>2013</u>
Land	\$ 131,000	\$ 131,000
Buildings (shelter and office)	761,900	761,900
Building improvements	290,481	271,349
Furniture & equipment	35,172	48,044
Computers	<u>17,867</u>	<u>16,805</u>
	1,236,420	1,229,098
Less accumulated depreciation	<u>(578,215)</u>	<u>(546,941)</u>
	<u>\$ 658,205</u>	<u>\$ 682,157</u>

See independent auditor’s report.

HOPE'S DOOR, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 5 – INTANGIBLE ASSETS

Intangible assets consist of costs associated with the redesign of the Organization's website and implementation of a new fundraising software program.

	<u>June 30</u>	
	<u>2014</u>	<u>2013</u>
Website	\$ 6,649	\$6,649
Software	<u>19,449</u>	<u>—</u>
	26,098	6,649
Less accumulated amortization	<u>(1,130)</u>	<u>(37)</u>
	<u>\$24,968</u>	<u>\$6,612</u>

NOTE 6 – LOAN PAYABLE

In 1996, as part of the financing package for the new shelter, the Organization received a funding commitment of \$723,000 from the New York State Homeless Housing and Assistance Corporation (HHAC). Under the terms of the award, the funding was partially secured by a self liquidating first mortgage in the amount of \$548,000. The mortgage will be in effect for twenty-five years from November 18, 1996. At the end of the mortgage term, if the Organization continues to operate the shelter program, the debt will be forgiven. For accounting purposes, the award is being amortized on the straight line basis over 300 months beginning November 18, 1996. The Organization will be liable for the full amount of the mortgage until November 18, 2021. The award amortization in the amount of \$28,920 for each of the years ended June 30, 2014 and 2013, is reflected as temporarily restricted grant revenue in the Statement of Activities.

NOTE 7 – LEASE COMMITMENTS

The Organization leases its Pleasantville, New York office space pursuant to an original operating lease dated July 2001, most recently renewed and amended for a three-year term ending November 30, 2015. Under the terms of the lease, the Organization is required to pay in monthly installments fixed minimum rent of \$64,199 per annum plus additional rent for insurance, water charges, trash removal and real estate taxes.

The Organization has on deposit the sum of \$5,214 with the landlord as security in accordance with the lease agreement.

NOTE 8 – CONTRIBUTIONS

Contributions were received from the following sources:

	<u>June 30</u>	
	<u>2014</u>	<u>2013</u>
Foundations	\$ 33,432	\$ 72,046
Corporations	7,783	6,000
Community groups	17,612	20,996
Individuals	190,898	242,106
United Way	<u>747</u>	<u>112</u>
	<u>\$250,472</u>	<u>\$341,260</u>

See independent auditor's report.

HOPE'S DOOR, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 9 - INVESTMENT INCOME

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2014 and 2013:

	<u>June 30</u>	
	<u>2014</u>	<u>2013</u>
Interest income (unrestricted)	<u>\$ 5,955</u>	<u>\$ 7,286</u>

NOTE 10 – SHELTER FEES

Shelter fees were as follows:

	<u>June 30</u>	
	<u>2014</u>	<u>2013</u>
Gross fees	\$567,976	\$606,883
Write-offs	(14,000)	(32,142)
Net fees	<u>\$553,976</u>	<u>\$574,741</u>

NOTE 11 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2014 and June 30, 2013, deposits in excess of FDIC insured limits amount to approximately \$0 and \$15,935, respectively. The Organization's investment in the deferred fixed annuity at June 30, 2014 of \$104,799 is not FDIC insured.

See independent auditor's report.