

HOPE'S DOOR, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

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FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

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

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Hope's Door, Inc. (a nonprofit organization) as of June 30, 2013 and June 30, 2012, and the related statements of activities, functional expenses and cash flows for the years then ended.

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, 2013 and June 30, 2012, 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.

December 6, 2013

HOPE'S DOOR, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 656,797	\$ 672,098
Certificates of Deposit	316,310	248,954
Investment-Deferred Fixed Annuity	103,733	-
Accounts Receivable, net of allowance (Note 3)	132,290	118,628
Grants Receivable	37,699	81,256
Prepaid Expenses	16,427	14,166
Total Current Assets	1,263,256	1,135,102
 Property and Equipment:		
Fixed Assets, at cost	1,229,098	1,198,378
Less: Accumulated depreciation	(546,941)	(497,018)
Net Fixed Assets (Note 4)	682,157	701,360
 Other Assets:		
Intangibles - Website, net amortization (Note 5)	6,612	-
Security Deposits	5,314	5,214
Total Other Assets	11,926	5,214
Total Assets	\$ 1,957,339	\$ 1,841,676
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable & Accrued Expenses	\$ 168,286	\$ 180,520
Total Current Liabilities	168,286	180,520
 Long Term Liabilities:		
Loan Payable (Note 6)	271,125	300,045
Total Liabilities	439,411	480,565
 Net Assets:		
Unrestricted	1,002,744	875,717
Temporarily Restricted	515,184	485,394
Total Net Assets	1,517,928	1,361,111
Total Liabilities and Net Assets	\$ 1,957,339	\$ 1,841,676

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

HOPE'S DOOR, INC.
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013			2012		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Revenue and Other Support:						
Contributions (Note 8)	\$ 341,260	\$ -	\$ 341,260	\$ 427,527	\$ -	\$ 427,527
Shelter Fees (Note 9)	574,741	-	574,741	546,924	-	546,924
Grants	708,275	121,318	829,593	643,009	82,462	725,471
Special Events	163,609	-	163,609	147,822	-	147,822
Other Revenue	254	-	254	700	-	700
Investment Income	7,286	-	7,286	3,913	-	3,913
Net Assets Released From Restriction	91,528	(91,528)	-	66,637	(66,637)	-
Total Revenue and Other Support	<u>1,886,953</u>	<u>29,790</u>	<u>1,916,743</u>	<u>1,836,532</u>	<u>15,825</u>	<u>1,852,357</u>
Expenses:						
Program Services:						
Shelter Program	722,086	-	722,086	665,839	-	665,839
Non-Residential Program	640,647	-	640,647	532,800	-	532,800
Legal Services Program	-	-	-	5,368	-	5,368
Total Program Expenses	<u>1,362,733</u>	<u>-</u>	<u>1,362,733</u>	<u>1,204,007</u>	<u>-</u>	<u>1,204,007</u>
Support Services:						
Management & General	192,845	-	192,845	263,241	-	263,241
Fund Raising	204,348	-	204,348	135,733	-	135,733
Total Support Services	<u>397,193</u>	<u>-</u>	<u>397,193</u>	<u>398,974</u>	<u>-</u>	<u>398,974</u>
Total Expenses	<u>1,759,926</u>	<u>-</u>	<u>1,759,926</u>	<u>1,602,981</u>	<u>-</u>	<u>1,602,981</u>
Increase (Decrease) in Net Assets	127,027	29,790	156,817	233,551	15,825	249,376
Net Assets, Beginning of Year	875,717	485,394	1,361,111	642,166	469,569	1,111,735
Net Assets, End 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>

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, 2013 AND 2012

	Program Services			Supporting Services			Total 2012/2013 Expenses	Total 2011/2012 Expenses
	Shelter	Non Residential	Total Program Expenses	Management & General	Fund Raising	Total Support Services		
Salaries	\$ 397,815	\$ 381,136	\$ 778,951	\$ 101,796	\$ 96,392	\$ 198,188	\$ 977,139	\$ 934,456
Fringe Benefits and Payroll Related Costs	154,958	97,016	251,974	33,027	23,447	56,474	308,448	290,823
Rent & Occupancy	7,965	54,546	62,511	15,931	7,169	23,100	85,611	74,831
Utilities	16,988	746	17,734	-	-	-	17,734	15,138
Telephone	8,785	3,874	12,659	1,254	564	1,818	14,477	14,020
Food	4,211	39	4,250	-	-	-	4,250	8,262
Special Events	-	-	-	-	59,857	59,857	59,857	45,148
Postage	12	369	381	1,801	1,403	3,204	3,585	2,682
Supplies	11,217	17,405	28,622	7,932	2,123	10,055	38,677	32,084
Travel	12,312	6,063	18,375	749	329	1,078	19,453	17,255
Insurance	9,128	9,854	18,982	2,226	2,226	4,452	23,434	21,617
Professional Services	12,769	36,960	49,729	3,098	3,098	6,196	55,925	33,808
Repairs and Maintenance	21,275	2,309	23,584	7,201	2,183	9,384	32,968	24,766
Meetings and Conferences	336	1,442	1,778	2,763	30	2,793	4,571	3,399
Dues and Fees	150	1,220	1,370	4,059	2,101	6,160	7,530	3,380
Equipment Leases and Rentals	3,545	2,779	6,324	1,970	202	2,172	8,496	8,782
Taxes	3,610	3,026	6,636	-	-	-	6,636	6,297
Printing and Reproduction	-	-	-	-	3,004	3,004	3,004	2,025
Publications	-	-	-	335	-	335	335	143
Staff Development and Training	285	1,231	1,516	3,152	31	3,183	4,699	2,050
Advertising	150	300	450	-	-	-	450	814
Client Costs	4,167	485	4,652	-	-	-	4,652	4,270
Depreciation and Amortization	41,929	3,103	45,032	4,767	161	4,928	49,960	47,231
Newsletter	-	13,365	13,365	-	-	-	13,365	600
Special Needs	10,406	560	10,966	-	-	-	10,966	7,327
Miscellaneous	73	2,819	2,892	784	28	812	3,704	1,773
	<u>\$ 722,086</u>	<u>\$ 640,647</u>	<u>\$ 1,362,733</u>	<u>\$ 192,845</u>	<u>\$ 204,348</u>	<u>\$ 397,193</u>	<u>\$ 1,759,926</u>	<u>\$ 1,602,981</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, 2012 AND 2011

	<u>2013</u>	<u>2012</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in Net Assets	\$ 156,817	\$ 249,376
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	49,960	47,231
Amortization of HHAC Award	(28,920)	(28,920)
(Increase)/Decrease in Assets:		
Accounts Receivable	(13,662)	12,529
Grants Receivable	43,557	829
Prepaid Expenses	(2,261)	2,841
Security Deposits	(100)	-
Increase/(Decrease) in Liabilities:		
Accounts Payable & Accrued Expenses	(12,234)	94,563
Payroll Withholding	-	(3,286)
	<u>193,157</u>	<u>375,163</u>
Net Cash Provided by Operating Activities		
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Certificates of Deposits and Annuity	(270,043)	(50,000)
Redemption of Certificates of Deposit	98,954	150,000
Receipt of Donated Marketable Securities	(7,632)	-
Sale of Donated Marketable Securities	7,632	3,774
Receipt of Donated Property	-	(50,000)
Purchase of Fixed Assets	(30,720)	(11,012)
Purchase of Intangible Asset	(6,649)	-
	<u>(208,458)</u>	<u>42,762</u>
Net Cash Provided/(Used) by Investing Activities		
Net Increase/(Decrease) In Cash	(15,301)	417,925
Cash & Cash Equivalents - Beginning of Year	<u>672,098</u>	<u>254,173</u>
Cash & Cash Equivalents - End of Year	<u>\$ 656,797</u>	<u>\$ 672,098</u>

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, 2013 AND 2012

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, 2013 AND 2012

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, 2010, 2011, and 2012 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, 2013 and 2012, the Organization's cash and cash equivalents were deposited primarily in four 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, 2013 AND 2012

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, 2013 and 2012, the discretionary profit sharing contribution was \$40,000 per year.

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 \$32,143 and \$13,896 at June 30, 2013, and 2012, 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, 2013 and 2012.

See independent auditor's report.

HOPE'S DOOR, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

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 6, 2013.

NOTE 2 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at June 30, 2013 and 2012 consist of the following:

	<u>June 30</u>	
	<u>2013</u>	<u>2012</u>
Program-“Love Should Not Hurt”	\$ 21,136	\$ 32,486
Program-“Safe Moms Make Safe Kids”	4,807	13,174
Program-“STAR”	33,808	-
Children and teen programs	1,511	2,223
Multi-lingual counselor	2,047	2,047
Emergency client expenses & special needs	-	12,076
HHAC award- Shelter program	451,875	422,955
Training and other	-	433
Total temporarily restricted net assets	<u>\$515,184</u>	<u>\$485,394</u>

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>June 30</u>	
	<u>2013</u>	<u>2012</u>
Accounts receivable	\$164,434	\$132,524
Less: Allowance for doubtful accounts	<u>(32,143)</u>	<u>(13,896)</u>
	<u>\$132,291</u>	<u>\$118,628</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2013 and 2012:

	<u>June 30</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 131,000	\$ 131,000
Buildings (shelter and office)	761,900	761,900
Building improvements	271,349	262,732
Furniture & equipment	48,043	30,827
Computers	<u>16,805</u>	<u>11,919</u>
	1,229,097	1,198,378
Less accumulated depreciation	<u>(546,941)</u>	<u>(497,018)</u>
	<u>\$ 682,156</u>	<u>\$ 701,360</u>

See independent auditor’s report.

HOPE'S DOOR, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 5 – INTANGIBLE ASSET

Intangible assets consist of costs associated with the redesign of the Organization's website. Costs incurred to complete the redesign as of June 30, 2013 were \$6,649. Accumulated amortization at June 30, 2013 is \$37.

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, 2013 and 2012, 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>2013</u>	<u>2012</u>
Foundations	\$ 72,046	\$ 61,445
Corporations	6,000	6,627
Community groups	20,996	23,296
Individuals	242,105	335,971
United Way	112	188
	\$341,259	\$427,527

See independent auditor's report.

HOPE'S DOOR, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 11 - INVESTMENT INCOME

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2013 and 2012:

	<u>June 30</u>	
	<u>2013</u>	<u>2012</u>
Interest income (unrestricted)	<u>\$ 7,286</u>	<u>\$ 3,913</u>

NOTE 10 – SHELTER FEES

Shelter fees were as follows:

	<u>June 30</u>	
	<u>2013</u>	<u>2012</u>
Gross fees	\$606,883	\$560,754
Write-offs	(32,142)	(13,830)
Net fees	<u>\$574,741</u>	<u>\$546,924</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, 2013 and June 30, 2012, deposits in excess of FDIC insured limits amount to approximately \$15,935 and \$0, respectively. The Organization's investment in the deferred fixed annuity at June 30, 2013 of \$103,7333 is not FDIC insured.

See independent auditor's report.