

HOPE'S DOOR, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

HOPE'S DOOR, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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

MYRON J. HECKLER, CPA (RETIRED)
THOMAS F. O'KEEFE, CPA, JD
JOSEPH R. SAULNIER, CPA

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. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses 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 these 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, 2019 and 2018, 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, PC
Heckler & O'Keefe, CPAs, P.C.

Armonk, NY
November 19, 2019

HOPE'S DOOR, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 354,392	\$ 401,552
Certificates of Deposit (Note 2)	150,562	175,028
Investment-Deferred Fixed Annuity (Note 2)	103,306	100,983
Grants Receivable	478,806	293,873
Accounts Receivable, net of allowance (\$23,434 and \$27,433, respectively)	163,290	188,908
Prepaid Expenses	37,008	36,171
Other Receivables	3,828	1,328
Total Current Assets	1,291,192	1,197,843
Property and Equipment:		
Fixed Assets, at cost	1,382,452	1,344,265
Less: Accumulated depreciation	(830,051)	(785,549)
Net Fixed Assets (Note 3)	552,401	558,716
Other Assets:		
Intangible Assets, net of amortization (Note 4)	26,453	20,051
Security Deposits	8,227	8,227
Escrow Deposits	1,500	1,500
TOTAL ASSETS	\$ 1,879,773	\$ 1,786,337
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable & Accrued Expenses	\$ 236,613	\$ 188,097
Deferred Revenue	5,220	-
Deferred Rent (Note 8)	7,720	-
Other Current Liabilities	-	6,858
Total Current Liabilities	249,553	194,955
Long Term Liabilities:		
Loan Payable (Note 6)	179,985	181,445
Deferred Rent (Note 8)	23,568	36,164
Total Long Term Liabilities	203,553	217,609
Net Assets:		
Without Donor Restrictions	766,132	672,363
With Donor Restrictions (Note 7)	660,535	701,410
Total Net Assets	1,426,667	1,373,773
TOTAL LIABILITIES AND NET ASSETS	\$ 1,879,773	\$ 1,786,337

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

HOPE'S DOOR, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restriction	Donor Restriction	Total	Without Donor Restriction	Donor Restricted	Total
Revenue and Other Support:						
Contributions (Note 8)	\$ 231,685	\$ -	\$ 231,685	\$ 267,675	\$ -	\$ 267,675
Shelter Fees (Note 9)	607,167	-	607,167	614,706	-	614,706
Grants	1,249,162	75,660	1,324,822	973,917	83,560	1,057,477
Special Events	310,741	-	310,741	262,690	-	262,690
Other Revenue	88	-	88	474	-	474
Investment Income	7,247	-	7,247	4,038	-	4,038
Donations In-Kind	-	-	-	-	-	-
Net Assets Released From Restriction	116,535	(116,535)	-	152,952	(152,952)	-
Total Revenue and Other Support	<u>2,522,625</u>	<u>(40,875)</u>	<u>2,481,750</u>	<u>2,276,452</u>	<u>(69,392)</u>	<u>2,207,060</u>
Expenses:						
Program Services:						
Shelter Program	690,139	-	690,139	667,390	-	667,390
Non-Residential Program	939,166	-	939,166	1,034,721	-	1,034,721
Legal Programs	221,095	-	221,095	-	-	-
Total Program Expenses	<u>1,850,400</u>	<u>-</u>	<u>1,850,400</u>	<u>1,702,111</u>	<u>-</u>	<u>1,702,111</u>
Support Services:						
Management & General	315,840	-	315,840	199,011	-	199,011
Fund Raising	262,616	-	262,616	300,973	-	300,973
Total Support Services	<u>578,456</u>	<u>-</u>	<u>578,456</u>	<u>499,984</u>	<u>-</u>	<u>499,984</u>
Total Expenses	<u>2,428,856</u>	<u>-</u>	<u>2,428,856</u>	<u>2,202,095</u>	<u>-</u>	<u>2,202,095</u>
Increase (Decrease) in Net Assets	<u>93,769</u>	<u>(40,875)</u>	<u>52,894</u>	<u>74,357</u>	<u>(69,392)</u>	<u>4,965</u>
Net Assets, Beginning of Year	<u>672,363</u>	<u>701,410</u>	<u>1,373,773</u>	<u>598,006</u>	<u>770,802</u>	<u>1,368,808</u>
Net Assets, End of Year	<u>\$ 766,132</u>	<u>\$ 660,535</u>	<u>\$ 1,426,667</u>	<u>\$ 672,363</u>	<u>\$ 701,410</u>	<u>\$ 1,373,773</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, 2019 AND 2018

	Program Services				Supporting Services			Total 2018/2019 Expenses	Total 2017/2018 Expenses
	Shelter	Non Residential	Legal	Total Program Expenses	Management & General	Fund Raising	Total Support Services		
Salaries	\$ 381,841	\$ 579,366	\$ 120,426	\$ 1,081,633	\$ 178,273	\$ 93,801	\$ 272,074	\$ 1,353,707	\$ 1,188,931
Fringe Benefits and Payroll Related Costs	109,650	168,769	38,668	317,087	55,878	27,183	83,061	400,148	374,633
Rent & Occupancy	3,516	66,628	24,069	94,213	23,441	7,033	30,474	124,687	104,997
Utilities	16,584	1,380	-	17,964	-	-	-	17,964	20,992
Telephone	3,349	4,987	1,870	10,206	1,336	401	1,737	11,943	10,997
Food	19,260	-	-	19,260	-	-	-	19,260	20,018
Special Events	-	-	-	-	-	104,436	104,436	104,436	83,895
Postage	119	22	73	214	1,493	2,053	3,546	3,760	2,491
Program Expenses	2,861	17,051	1,015	20,927	835	2,228	3,063	23,990	25,284
Supplies	10,215	1,455	2,030	13,700	8,198	543	8,741	22,441	22,038
Travel	16,122	11,782	1,625	29,529	1,525	1,102	2,627	32,156	26,226
Insurance	7,491	12,604	4,858	24,953	3,478	1,872	5,350	30,303	25,931
Professional Services	12,789	21,296	16,801	50,886	3,934	8,715	12,649	63,535	45,666
Repairs and Maintenance	24,268	2,408	-	26,676	7,064	5,435	12,499	39,175	41,422
Meetings and Conferences	622	1,653	383	2,658	1,061	97	1,158	3,816	4,967
Dues and Fees	505	1,520	3,180	5,205	1,929	4,429	6,358	11,563	7,288
Equipment Leases and Rentals	4,927	9,113	2,934	16,974	1,351	405	1,756	18,730	18,133
Taxes	9,708	49	-	9,757	-	-	-	9,757	6,044
Staff Development and Training	712	2,551	518	3,781	11,038	303	11,341	15,122	19,741
Advertising and Recruitment	1,417	6,348	1,289	9,054	-	910	910	9,964	7,792
Client Costs	7,386	4,856	-	12,242	-	-	-	12,242	18,229
Depreciation and Amortization	48,385	4,279	1,115	53,779	13,411	1,620	15,031	68,810	64,916
Newsletter	-	4,270	-	4,270	-	-	-	4,270	12,100
Special Needs	8,336	13,517	-	21,853	-	-	-	21,853	23,664
Miscellaneous	76	3,262	241	3,579	1,595	50	1,645	5,224	25,700
	<u>\$ 690,139</u>	<u>\$ 939,166</u>	<u>\$ 221,095</u>	<u>\$ 1,850,400</u>	<u>\$ 315,840</u>	<u>\$ 262,616</u>	<u>\$ 578,456</u>	<u>\$ 2,428,856</u>	<u>\$ 2,202,095</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase in Net Assets	\$ 52,894	\$ 4,965
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided for Operating Activities:		
Depreciation and Amortization	68,810	64,916
Amortization of HHAC Award	(1,460)	(1,460)
Change to Grants Receivable	(184,933)	(159,958)
Change to Accounts Receivable	25,618	(45,486)
Change to Prepaid Expenses	(837)	(3,497)
Change to Other Receivables	(2,500)	(1,328)
Change to Accounts Payable & Accrued Expenses	48,517	4,029
Change to Deferred Grant Revenue	5,220	(2,627)
Change to Deferred Rent	(4,876)	36,164
Change to Other Liabilities	<u>(6,858)</u>	<u>6,858</u>
Net Cash Used by Operating Activities	<u>(405)</u>	<u>(97,424)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Certificates of Deposits	(25,000)	(175,000)
Redemption of Certificates of Deposits	50,415	173,005
Purchase of Annuity	-	(100,000)
Redemption of Annuity	-	111,079
Investment Earnings - Annuity	(2,323)	(1,990)
Investment Earnings - Certificate of Deposits	(949)	2,066
Purchase of Fixed Assets	(60,290)	(37,364)
Purchase of Intangible Asset	<u>(8,608)</u>	<u>-</u>
Net Cash Used by Investing Activities	<u>(46,755)</u>	<u>(28,204)</u>
Net Decrease in Cash & Cash Equivalents	(47,160)	(125,628)
Cash & Cash Equivalents - Beginning of Year	<u>401,552</u>	<u>527,180</u>
Cash & Cash Equivalents - End of Year	<u>\$ 354,392</u>	<u>\$ 401,552</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, 2019 AND 2018

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. 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 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.

Financial statement presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets:

Without Donor Restriction - Resources over which the Board of Directors has discretionary control. Designated amounts represent those net assets, which the Organization has set aside for a particular purpose. As of June 30, 2019 and 2018, net assets without donor restrictions were \$766,132 and \$672,363, respectively.

With Donor Restriction - Resources subject to donor imposed restrictions that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to the donor's stipulations. As of June 30, 2019 and 2018, net assets with donor restrictions were \$660,535 and \$701,410, respectively.

Revenue

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 net assets without donor restriction if the restriction expires during the fiscal year. Other donor-restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires, restricted assets are reclassified to net assets without donor restriction.

See independent auditor's report.

HOPE'S DOOR, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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

Donations In-Kind

Periodically, the Organization receives donations of various items such as toiletries, clothing and household items. 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. Donated items the Organization is not able to utilize in its programs are redirected to other 501(c)(3) organizations. The Organization occasionally receives donated services and labor. These services or labor are recorded at fair market value at the time of performance. The Organization does not reflected any in-kind donations for the years ended June 30, 2019 and 2018.

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.

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
Tenant improvements	-	Remaining term of lease

Donations of property are recorded as support at their estimated fair value when received. Such donations are reported as without donor restriction unless the donor has restricted the donated asset to a specific purpose.

See independent auditor's report.

HOPE'S DOOR, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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

Intangible assets

The Organization records purchases of intangible assets at cost. These assets are amortized over their 15 year estimated useful life and are reflected net of accumulated amortization in the Statement of Financial Position.

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 to be cash equivalents. For the years ended June 30, 2019 and 2018, the Organization's cash and cash equivalents were held primarily in four financial institutions.

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. Accounts receivable are presented net of an allowance for doubtful accounts of \$23,434 and \$27,433 at June 30, 2019 and 2018, respectively.

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 net assets without donor restriction if the restrictions are met in the reporting period in which income or gains are recognized. At June 30, 2019 and 2018, the Organization's sole investment consists of a deferred fixed annuity.

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 and 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, prepaid expenses, 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.

See independent auditor's report

HOPE'S DOOR, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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

Income taxes

The Organization is a corporation organized under the Not-for-Profit Corporation Laws of New York State and is recognized as tax exempt under Section 501 (c)(3) of the Internal Revenue Code.

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, 2019 and 2018, the discretionary profit sharing contribution was \$58,000 and \$30,300, respectively. The respective contribution for each year is included in accounts payable at June 30, 2019 and 2018.

NOTE 2 – ANNUITIES AND INVESTMENTS

Certificates of deposit with original maturities of greater than three months are classified as investments. Certificates of deposits which are traded on a market or exchange are reflected at the last readily ascertainable trading value plus interest accrued to date. Certificates of deposit not traded on a market or exchange are reflected at cost plus interest accrued to date. At June 30, 2019 and 2018, the total value of the Organization's certificate of deposit portfolio was \$150,562 and \$175,028, respectively.

On October 26, 2012, the Organization purchased an annuity from Nationwide Life Insurance Company for \$100,000. This annuity lists a long standing board member of the Organization as the annuitant as a requirement of securing the annuity. The annuity has a 3.65% annualized interest rate and annuitization date of September 22, 2047. The annuity may be redeemed without charges beginning on October 26, 2017. The value of this annuity at June 30, 2017 was \$110,072. This annuity was redeemed on February 7, 2018.

On January 24, 2018, the organization purchased an annuity from Liberty Mutual Insurance (“Liberty”) for \$100,000. The CFO of the Organization is listed as the annuitant as required by the annuity. Annually, the annuity is credited with interest at a rate determined by Liberty, guaranteed not to be less than 1.00%. The annuity may be redeemed without charges beginning January 25, 2023. The value of this annuity at June 30, 2019 and 2018 was \$103,306 and 100,983, respectively.

See independent auditor’s report.

HOPE'S DOOR, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2019 and 2018:

	<u>June 30</u>	
	<u>2019</u>	<u>2018</u>
Land	\$ 131,000	\$ 131,000
Buildings (shelter and office)	761,900	761,900
Building improvements	356,438	330,053
Tenant improvements	8,800	6,300
Furniture & equipment	62,456	69,379
Computers	<u>61,858</u>	<u>45,633</u>
	1,382,452	1,344,265
Less accumulated depreciation	<u>(830,051)</u>	<u>(785,549)</u>
	<u>\$ 552,401</u>	<u>\$ 558,716</u>

NOTE 4 – 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>2019</u>	<u>2018</u>
Website	\$ 12,963	\$ 7,454
Software	<u>24,354</u>	<u>21,255</u>
	31,317	28,709
Less accumulated amortization	<u>(10,864)</u>	<u>(8,658)</u>
	<u>\$ 26,453</u>	<u>\$ 20,051</u>

NOTE 5 – LINE OF CREDIT

On May 10, 2019 the Organization obtained a line of credit for \$150,000. This line of credit is payable on demand and is subject to a variable interest rate based on the Wall Street Journal Prime Index. At the time the Organization entered into the line of credit the interest was 6.5% per annum. The Organization intends to use the line of credit for short term cash flow, if needed. This line of credit remained unused as of June 30, 2019.

See independent auditor's report.

HOPE'S DOOR, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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 term, if the Organization continues to operate the shelter program, the debt will be forgiven. For accounting purposes, the award is being amortized 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 \$1,460 for the years ended June 30, 2019 and 2018, is reflected as restricted grant revenue in the Statement of Activities.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2019 and 2018 consist of the following:

	<u>June 30</u>	
	<u>2019</u>	<u>2018</u>
HHAC award – Shelter program	\$ 543,015	\$ 541,555
Program – “Next Step”	46,933	70,978
Program – “Children & Teen”	20,303	3,840
Gala – “Fund a Need”	28,486	40,367
Campaign – “On the Move”	9,992	43,576
Other	<u>11,806</u>	<u>1,094</u>
Total net assets with donor restrictions	<u>\$ 660,535</u>	<u>\$ 701,410</u>

NOTE 8 – COMMITMENTS

As discussed in Note 5, the Organization is liable for the entire mortgage balance of \$548,000 if it ceases the shelter program operations prior to November 18, 2021. The Organization currently intends to continue these operations through that date.

Effective March 15, 2017, the Organization signed a 64 month lease to rent office space in Hawthorne, New York. Rent charges began on August 7, 2017, the date the Organization began occupying the new space. Base rent is waived for the first five months, increases to \$8,127 per month for the next 23 months, and to \$8,533 per month for the last 36 months. Base rent under this lease, which does not including utility charges and escalation, will be recognized using the straight-line method, which is \$7,720 per month or \$92,640 per annum. At June 30, 2019 and 2018, the deferred rent balance of \$23,568 and \$36,164, respectively, represents the excess rent computed under the straight-line method over the actual rent payments made since inception of the lease.

See independent auditor’s report.

HOPE'S DOOR, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 8 – COMMITMENTS (continued)

During the year, the Organization reinstated their Legal Program requiring them to obtain additional office space. As such, the Organization signed an amendment to their office lease which was effective February 1, 2019. This amendment extends the existing lease by 13 months and includes a rent increase to cover this additional office space. The amendment increases the base rent through the end of 2019 to \$9,680 per month. For the lease term after 2019, base rent was increased to \$10,164 per month for the remainder of the lease.

The lease agreement contains one five year renewal option which can be exercised by the Organization. If renewed, rent will be charged at prevailing rates and the time of the renewal.

The minimum future lease payments under this lease and its amendment are as follows:

Year ended June 30, 2020	\$ 119,064
Year ended June 30, 2021	121,968
Year ended June 30, 2022	121,968
Year ended June 30, 2023	121,968
Year ended June 30, 2024	60,984

During the year ended June 30, 2019 and 2018, the Organization incurred non-capital expenses related to the relocation of its office totaling \$137 and \$24,214, respectively.

NOTE 9 – CONTRIBUTIONS

Contributions were received from the following sources:

	<u>June 30</u>	
	<u>2019</u>	<u>2018</u>
Foundations	\$ 56,249	\$ 51,999
Corporations	10,426	14,712
Community groups	19,530	15,228
Individuals	144,520	184,262
United Way	960	1,474
	<u>\$ 231,685</u>	<u>\$ 267,675</u>

NOTE 10 – SHELTER FEES

Shelter fees were as follows:

	<u>June 30</u>	
	<u>2019</u>	<u>2018</u>
Gross fees	\$628,417	\$642,120
Write-offs	<u>(21,250)</u>	<u>(27,414)</u>
Net fees	<u>\$607,167</u>	<u>\$614,706</u>

See independent auditor's report.

HOPE'S DOOR, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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. While the Organization occasionally may have deposits in excess of FDIC insured limits, it has not experienced any losses. The Organization's investment in the deferred fixed annuity at June 30, 2019 and 2018 of \$103,306 and \$100,983, respectively, is not FDIC insured.

NOTE 12 - RELATED PARTY TRANSACTIONS

There were no material related party transactions during the years ended June 30, 2019 and 2018.

NOTE 13 – SUBSEQUENT EVENTS

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

See independent auditor's report.