

HOPE'S DOOR, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

HOPE'S DOOR, INC.
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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, 2021 and 2020, 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, 2021 and 2020, 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.

Katonah, NY

December 14, 2021

HOPE'S DOOR, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 809,145	\$ 591,265
Certificates of Deposit (Note 4)	51,322	101,733
Investment-Deferred Fixed Annuity (Note 4)	108,112	105,682
Grants Receivable	663,122	546,793
Accounts Receivable, net of allowance (\$39,134 and \$19,772, respectively)	126,076	186,553
Prepaid Expenses	17,455	14,987
Other Receivables	-	1,328
Total Current Assets	1,775,232	1,548,341
Property and Equipment:		
Fixed Assets, at cost	1,263,658	1,238,483
Less: Accumulated depreciation	(764,892)	(714,480)
Net Fixed Assets (Note 5)	498,766	524,003
Other Assets:		
Intangible Assets, net of amortization (Note 6)	26,494	29,362
Operating Lease Right-of-use Asset (Note 2 & 11)	304,469	-
Security Deposits	8,227	8,227
Escrow Deposits	1,500	1,500
TOTAL ASSETS	\$ 2,614,688	\$ 2,111,433
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable & Accrued Expenses	\$ 244,240	\$ 211,030
Deferred Revenue	3,100	2,000
Deferred Rent (Note 11)	10,136	10,136
Operating Lease Liability (Note 2 & 11)	121,395	-
Total Current Liabilities	378,871	223,166
Long Term Liabilities:		
Loan Payable (Notes 8 & 9)	317,765	319,225
Deferred Rent (Note 11)	15,205	25,341
Operating Lease Liability (Note 2 & 11)	183,074	-
Total Long Term Liabilities	516,044	344,566
Net Assets:		
Without Donor Restrictions	1,019,581	941,270
With Donor Restrictions (Note 10)	700,192	602,431
Total Net Assets	1,719,773	1,543,701
TOTAL LIABILITIES AND NET ASSETS	\$ 2,614,688	\$ 2,111,433

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

HOPE'S DOOR, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restriction	Donor Restriction	Total	Without Donor Restriction	Donor Restricted	Total
Revenue and Other Support:						
Contributions (Note 12)	\$ 385,633	\$ -	\$ 385,633	\$ 172,132	\$ -	\$ 172,132
Shelter Fees (Note 13)	404,033	-	404,033	569,268	-	569,268
Grants	1,834,568	174,044	2,008,612	1,603,736	59,410	1,663,146
Special Events	101,138	-	101,138	177,181	-	177,181
Other Revenue	1,178	-	1,178	420	-	420
Investment Income	4,375	-	4,375	7,245	-	7,245
Donations In-Kind	3,000	-	3,000	-	-	-
Net Assets Released From Restriction	76,283	(76,283)	-	117,514	(117,514)	-
Total Revenue and Other Support	2,810,208	97,761	2,907,969	2,647,496	(58,104)	2,589,392
Expenses:						
Program Services:						
Shelter Program	727,645	-	727,645	776,618	-	776,618
Non-Residential Program	1,154,608	-	1,154,608	993,839	-	993,839
Legal Programs	396,667	-	396,667	363,737	-	363,737
Total Program Expenses	2,278,920	-	2,278,920	2,134,194	-	2,134,194
Support Services:						
Management & General	278,166	-	278,166	293,752	-	293,752
Fund Raising	174,811	-	174,811	181,238	-	181,238
Total Support Services	452,977	-	452,977	474,990	-	474,990
Total Expenses	2,731,897	-	2,731,897	2,609,184	-	2,609,184
Increase (Decrease) in Net Assets	78,311	97,761	176,072	38,312	(58,104)	(19,792)
Net Assets, Beginning of Year	941,270	602,431	1,543,701	902,958	660,535	1,563,493
Net Assets, End of Year	\$ 1,019,581	\$ 700,192	\$ 1,719,773	\$ 941,270	\$ 602,431	\$ 1,543,701

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, 2021 AND 2020

	Program Services				Supporting Services			Total 2020/2021 Expenses	Total 2019/2020 Expenses
	Shelter	Non Residential	Legal	Total Program Expenses	Management & General	Fund Raising	Total Support Services		
Salaries	\$ 420,425	\$ 763,013	\$ 207,973	\$ 1,391,411	\$ 141,627	\$ 83,905	\$ 225,532	\$ 1,616,943	\$ 1,589,531
Fringe Benefits and Payroll Related Costs	122,544	225,113	89,324	436,981	39,242	18,182	57,424	494,405	382,027
Rent & Occupancy	4,129	62,444	42,317	108,890	17,544	6,192	23,736	132,626	147,379
Utilities	14,676	1,630	-	16,306	-	-	-	16,306	18,683
Telephone	3,584	4,861	2,958	11,403	1,141	403	1,544	12,947	12,659
Food	8,978	-	-	8,978	-	-	-	8,978	24,553
Special Events	-	-	-	-	-	23,357	23,357	23,357	22,932
Program Expenses	22	3,960	4,669	8,651	-	21,820	21,820	30,471	23,331
Supplies	5,519	2,138	643	8,300	9,472	256	9,728	18,028	19,638
Travel	11,311	621	3	11,935	259	104	363	12,298	35,584
Insurance	9,183	17,711	6,885	33,779	3,179	1,766	4,945	38,724	32,980
Professional Services	11,852	30,130	28,605	70,587	4,539	6,246	10,785	81,372	63,771
Repairs and Maintenance	29,578	2,249	-	31,827	11,778	5,711	17,489	49,316	46,616
Meetings and Conferences	1,620	100	-	1,720	337	158	495	2,215	5,295
Dues and Fees	924	1,015	2,813	4,752	3,432	3,141	6,573	11,325	8,679
Equipment Leases and Rentals	2,535	9,138	7,788	19,461	1,122	396	1,518	20,979	20,820
Taxes	3,548	42	-	3,590	-	-	-	3,590	5,438
Staff Development and Training	632	512	220	1,364	26,115	463	26,578	27,942	16,134
Advertising and Recruitment	2,260	831	-	3,091	-	-	-	3,091	7,616
Client Costs	18,806	3,500	-	22,306	-	-	-	22,306	23,620
Depreciation and Amortization	49,860	4,320	2,359	56,539	15,789	1,620	17,409	73,948	66,478
Special Needs	5,571	19,129	-	24,700	-	-	-	24,700	27,404
Miscellaneous	88	2,151	110	2,349	2,590	1,091	3,681	6,030	8,016
	<u>\$ 727,645</u>	<u>\$ 1,154,608</u>	<u>\$ 396,667</u>	<u>\$ 2,278,920</u>	<u>\$ 278,166</u>	<u>\$ 174,811</u>	<u>\$ 452,977</u>	<u>\$ 2,731,897</u>	<u>\$ 2,609,184</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, 2021 AND 2020

	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase/(Decrease) in Net Assets	\$ 176,072	\$ (19,792)
Adjustments to Reconcile Increase/(Decrease) in Net Assets to Net Cash Provided/(Used) for Operating Activities:		
Depreciation and Amortization	73,948	66,478
Amortization of HHAC Award	(1,460)	(1,460)
Change to Grants Receivable	(116,329)	(67,987)
Change to Accounts Receivable	60,477	(23,263)
Change to Prepaid Expenses	(2,468)	22,021
Change to Other Receivables	1,328	2,500
Change to Accounts Payable & Accrued Expenses	33,210	(25,583)
Change to Deferred Grant Revenue	1,100	(3,220)
Change to Deferred Rent	(10,136)	4,189
Net Cash Provided/(Used) by Operating Activities	215,742	(46,117)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Certificates of Deposits	(25,000)	(75,000)
Redemption of Certificates of Deposits	75,000	125,000
Investment Earnings - Annuity	(2,430)	(2,376)
Investment Earnings - Certificate of Deposits	411	(1,171)
Purchase of Fixed Assets	(45,843)	(73,572)
Purchase of Intangible Asset	-	(5,591)
Net Cash Provided/(Used) by Investing Activities	2,138	(32,710)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from Forgivable SBA Paycheck Protection Program	-	315,700
Net Cash Provided by Financing Activities	-	315,700
Net Increase in Cash & Cash Equivalents	217,880	236,873
Cash & Cash Equivalents - Beginning of Year	591,265	354,392
Cash & Cash Equivalents - End of Year	\$ 809,145	\$ 591,265

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, 2021 AND 2020

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, 2021 and 2020, net assets without donor restrictions were \$1,019,581 and \$941,270, 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, 2021 and 2020, net assets with donor restrictions were \$700,192 and \$602,431, 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, 2021 AND 2020

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, 2021 and 2020.

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, 2021 AND 2020

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, 2021 and 2020, 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 \$39,134 and \$19,772 at June 30, 2021 and 2020, 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, 2021 and 2020, 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, 2021 AND 2020

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 year ended June 30, 2021, the discretionary profit sharing contribution was \$74,352. There was no profit sharing contribution made during the year ended June 30, 2020. The respective contribution for each year is included in accounts payable at June 30, 2021.

NOTE 2 – CHANGE IN ACCOUNTING PRICIPLES-NO RESTATEMENT

Adoption of FASB ASC 842

Effective July 1, 2020, the Organization adopted FASB ASC 842, *Leases*. The organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the June 30, 2021 recognition of right-of-use-assets, net of prepaid lease payments and lease incentives, of \$304,469 and operating lease liabilities of \$304,469. Results for periods beginning prior to July 1, 2020 continue to be reported in accordance with our historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Company's results of operations, cash flows or debt covenants. See Note 11.

NOTE 3 – LIQUIDITY AND AVAILABILITY

For the years ended June 30, 2021 and 2020 the Organization had \$1,649,665 and \$1,427,672, respectively, of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. For the year ended June 30, 2021 this consists of: cash-\$809,145; receivables-\$789,198; and certificates of deposits-\$51,322. For the year ended June 30, 2020 this consists of: cash-\$591,265; receivables-\$734,674; and certificates of deposits-\$101,733. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expense, which are, on average, approximately \$750,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of

See independent auditor's report.

HOPE'S DOOR, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 3 – LIQUIDITY AND AVAILABILITY (continued)

daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments. As described in Note 7, the Organization also has a line of credit in the amount of \$150,000, which it could draw upon in the event of an unanticipated liquidity need.

NOTE 4 – 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, 2021 and 2020, the total value of the Organization's certificate of deposit portfolio was \$51,322 and \$101,733, respectively.

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, 2021 and 2020 was \$108,112 and 105,682, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2021 and 2020:

	<u>June 30</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 131,000	\$ 131,000
Buildings (shelter and office)	586,900	586,900
Building improvements	408,343	380,195
Tenant improvements	8,800	8,800
Furniture & equipment	51,280	68,497
Computers	<u>77,335</u>	<u>63,091</u>
	1,263,658	1,238,483
Less accumulated depreciation	<u>(764,892)</u>	<u>(714,480)</u>
	<u>\$ 498,766</u>	<u>\$ 524,003</u>

See independent auditor’s report.

HOPE'S DOOR, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 6 – 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>2021</u>	<u>2020</u>
Website	\$ 16,664	\$ 16,664
Software	<u>26,244</u>	<u>26,244</u>
	42,908	42,908
Less accumulated amortization	(<u>16,414</u>)	(<u>13,546</u>)
	<u>\$ 26,494</u>	<u>\$ 29,362</u>

NOTE 7 – 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, 2021 and 2020.

NOTE 8 – 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 4, 2022. The award amortization in the amount of \$1,460 for the years ended June 30, 2021 and 2020, is reflected as restricted grant revenue in the Statement of Activities.

NOTE 9 – FORGIVABLE LOANS RECEIVED UNDER THE SBA PAYCHECK PROTECTION PROGRAM

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In April 2020, the Organization obtained a PPP loan for \$315,700, which is included in the Organization’s loan payable balance at June 30, 2021 and 2020. The note matures in April 2022 and bears interest at a fixed annual rate of 1%, with the first six months of interest deferred. The Company believes it used all of the proceeds from the note for qualifying expenses and thus expects to receive approval of its application for the loan to be forgiven in the future, at which time the Organization will recognize grant revenue on forgiveness of the loan. As of June 30, 2021 loan forgiveness is pending approval.

See independent auditor’s report.

HOPE'S DOOR, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 10 –NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 and 2020 consist of the following:

	<u>June 30</u>	
	<u>2021</u>	<u>2020</u>
HHAC award – Shelter program	\$ 545,935	\$ 544,475
Program – “Next Step”	21,805	13,446
Program – “Children & Teen”	38,925	19,647
Program – “High Risk”	58,436	-
Gala – “Fund a Need (Children & Teen)”	21,665	21,665
Gala – “Fund a Need (Next Step)”	3,134	3,140
Other	<u>10,292</u>	<u>58</u>
Total net assets with donor restrictions	<u>\$ 700,192</u>	<u>\$ 602,431</u>

NOTE 11 – COMMITMENTS

As discussed in Note 8, the Organization is liable for the entire mortgage balance of \$548,000 if it ceases the shelter program operations prior to November 4, 2022. 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, 2021 and 2020, the deferred rent balance of \$25,341 and \$35,477, respectively, represents the excess rent computed under the straight-line method over the actual rent payments made since inception of the lease.

During 2019, the Organization expanded their Legal Program requiring them to obtain additional office space at the Hawthorne location. 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 the adjacent 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.

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HOPE'S DOOR, INC.
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NOTE 11 – COMMITMENTS (continued)

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

Year ended June 30, 2022	\$ 121,968
Year ended June 30, 2023	121,968
Year ended June 30, 2024	60,984

The following summarizes the line items in the balance sheet, resulting from the adoption of FASB ASC 842, which include amounts for operating leases as of June 30, 2021:

Operating lease right-of-use asset	\$ <u>304,469</u>
Current portion of operating lease liabilities	\$ 121,395
Operating lease liabilities	<u>183,074</u>
Total operating lease liabilities	\$ <u>304,469</u>

The remaining lease term as of June 30, 2021 is 30 months and the discount rate is 0.18%.

The maturity of operating lease liabilities as of June 30, 2021, were as follows:

Year ended June 30, 2022	\$ 121,968
Year ended June 30, 2023	121,968
Year ended June 30, 2024	<u>60,984</u>
Total lease payments	304,920
Less: Interest	<u>(451)</u>
Present value of lease liability	\$ <u>304,469</u>

NOTE 12 – CONTRIBUTIONS

Contributions were received from the following sources:

	<u>June 30</u>	
	<u>2021</u>	<u>2020</u>
Foundations	\$ 57,900	\$ 33,850
Corporations	4,883	6,021
Community groups	16,962	16,708
Individuals	305,888	114,775
United Way	<u>-</u>	<u>778</u>
	\$ <u>385,633</u>	\$ <u>172,132</u>

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NOTE 13 – SHELTER FEES

Shelter fees were as follows:

	<u>June 30</u>	
	<u>2021</u>	<u>2020</u>
Gross fees	\$ 442,917	\$ 589,020
Write-offs	<u>(38,884)</u>	<u>(19,752)</u>
Net fees	<u>\$ 404,033</u>	<u>\$ 569,268</u>

NOTE 14 - 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, 2021 and 2020 of \$108,112 and \$105,682, respectively, is not FDIC insured.

NOTE 15 - RELATED PARTY TRANSACTIONS

There were no material related party transactions during the years ended June 30, 2021 and 2020.

NOTE 16 – RISK AND UNCERTAINTIES

In early March 2020, the COVID-19 virus was declared a global pandemic, and it unfortunately continues to spread rapidly. Many organizations' operations have been affected by COVID-19 and continuity could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty but future fundraising efforts and estimates, such as the Allowance for Doubtful Account, may be impacted by this pandemic.

NOTE 17 – SUBSEQUENT EVENTS

The Organization has evaluated material subsequent events through the date these financial statements were available to be issued on December 14, 2021.

See independent auditor's report.