

Open Door Outreach Center, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2022

Open Door Outreach Center, Inc.

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Rybak and Associates, PLLC
5330 Highland Road, Waterford, MI 48327
Tel: 248-674-0341
Fax: 248-674-4290
rybakcpa.com

Rybak and Associates, PLLC

Independent Auditor's Report

Board of Directors
Open Door Outreach Center, Inc.

Opinion

We have audited the accompanying financial statements of Open Door Outreach Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. This Audit covers the period from January 1, 2022, through December 31, 2022.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Open Door Outreach Center, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America:

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Open Door Outreach Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Open Door Outreach Center Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Richard G. Lehr, CPA
Rybak, Lehr and Associates, PLLC

September 12, 2023

Open Door Outreach Center, Inc

Statement of Financial Position

For the Year Ended December 31, 2022

	<u>12/31/2022</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 498,463
Total current assets	<u>498,463</u>
Property and equipment, net (Note 2)	<u>921,864</u>
Total assets	<u><u>\$ 1,420,326</u></u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable	\$ 14,772
Credit cards	1,670
Current portion of long-term debt:	
Land contract - (Note 3)	13,755
Paycheck protection program loan - (Note 5)	
Total current liabilities	<u>30,197</u>
Land contract - less current portion - (Note 3)	431,544
Paycheck protection program loan - less current portion - (Note 5)	
Total Liabilities	<u>461,741</u>
Net assets	
Without donor restrictions	<u>958,585</u>
Total net assets	<u>958,585</u>
Total liabilities and net assets	<u><u>\$ 1,420,326</u></u>

Open Door Outreach Center, Inc

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2022

	Without Donor Restrictions	2022 Total
Revenue		
Resale - net of direct costs	\$ 256,744	\$ 256,744
Donations and grants	146,466	146,466
In-kind - (Note 4)	218,577	218,577
Fundraising	92,290	92,290
Interest income	3,015	3,015
Other income	33,705	33,705
Total revenue	<u>750,797</u>	<u>750,797</u>
Operating expenses		
Program activities	\$ 507,247	\$ 507,247
Management and general	55,430	55,430
Fundraising	198,301	198,301
Total expenses	<u>760,978</u>	<u>760,978</u>
Change in net assets	(10,181)	(10,181)
Net assets - beginning of year	<u>968,766</u>	<u>968,766</u>
Net assets - end of year	<u>\$ 958,585</u>	<u>\$ 958,585</u>

Open Door Outreach Center, Inc

Statement of Functional Expenses

For the Year Ended December 31, 2022

	Program Activities	Management and General	Fundraising	2022 Total
Advertising and promotion	\$ 2,840	\$ 628	\$ 221	\$ 3,690
Depreciation	11,593	2,498	12,359	26,450
Dues and subscriptions	930	466	155	1,551
Fundraising events	-	-	8,737	8,737
Information technology	3,229	1,540	1,122	5,891
Insurance	2,980	1,125	1,519	5,624
Interest	15,240	-	15,239	30,478
Office	15,203	2,299	1,563	19,065
Payroll taxes	11,129	3,523	14,224	28,876
Professional fees	23,639	8,013	2,671	34,322
Food pantry & crisis assistanc	297,368	-	-	297,368
Property taxes	-	-	-	-
Repairs and maintenance	13,269	2,111	9,877	25,257
Salaries and benefits	88,276	27,948	112,823	229,047
Utilities	15,795	3,617	14,113	33,525
Other	5,758	1,661	3,679	11,098
Total expenses	<u>\$ 507,247</u>	<u>\$ 55,430</u>	<u>\$ 198,301</u>	<u>\$ 760,978</u>

Open Door Outreach Center, Inc

Statement of Cash Flows

For the Year Ended December 31, 2022

	2022
Cash flows from operating activities:	
Change in net assets	\$ (10,181)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	26,450
Forgiveness of Paycheck Protection Program Loan	(33,705)
Decrease in Investment fund	422
Changes in operating assets and liabilities that provided (used) cash:	
Accounts payable/accrued expenses	9,015
Credit cards payable	139
Net cash provided by operating activities	<u>(7,860)</u>
 Cash flows from investing activities	
Purchase of property and equipment	(31,470)
Net cash used in investing activities	<u>(31,470)</u>
 Cash flows from financing activities	
Payments on land contract	(14,179)
Proceeds from Paycheck Protection Program Loan	-
Net cash provided by financing activities	<u>(14,179)</u>
 Net decrease in cash and cash equivalents	(53,508)
 Cash and cash equivalents -beginning of year	<u>551,971</u>
 Cash and cash equivalents - end of year	<u><u>\$ 498,463</u></u>
 Supplementary information	
Cash paid for interest	\$ 30,478

Open Door Outreach Center, Inc.

Notes to Financial Statements

December 31, 2022

Note 1 — Summary of Significant Accounting Policies

Organization

Basis of Presentation

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

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

Net assets with donor restrictions are subject to donor-imposed boundaries or limitations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those with donor stipulations that resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments with maturities of three months or less when purchased are considered cash equivalents and recorded at cost, which approximates fair value.

Investments

Investments for which market quotations are readily available are valued at the quoted market price.

Open Door Outreach Center, Inc.

Notes to Financial Statements

December 31, 2022

Note 1 — Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are carried at cost or, if donated, at fair market value at the time of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of 3 to 27.5 years. The Organization's policy is to capitalize acquisitions of \$2,500 or more.

Resale Store Revenue

Revenue is based on its resale store sales. The Organization has a resale store that provides a variety of items including but not limited to gently used clothing and shoes, furniture, and supplies which is open to the general public.

Contribution Revenue

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and are measured at fair value. Contributions that are restricted by the donor are reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the contributions are recognized. Contributions with donor-imposed time or purpose restrictions are reported as support with donor restrictions. All other contributions are reported as support without donor restrictions.

Unconditional promises to give with payments due in future periods are assumed to have an implicit time restriction. Those restrictions are released as contributions when collected or when allocations or grants are made to recipient organizations based on those future collections. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

In-kind Revenue

The Organization recognizes and records contributions of donated non-cash assets at their fair values in the period received.

Functional Allocations of Expenses

Costs of providing the program, management and general, and fundraising services have been reported on a functional basis in the statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses required allocation on a reasonable basis that is consistently applied. Occupancy is allocated on the basis of square footage for the appropriate area of usage, depreciation is allocated on the basis of the program or support service that uses the fixed asset. Costs have been allocated between the various programs and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Open Door Outreach Center, Inc.

Notes to Financial Statements

December 31, 2022

Note 1 — Summary of Significant Accounting Policies (Continued)

Covid-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spread globally beyond its point of origin. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

As a result of the spread and incidence of the COVID-19 outbreak, economic uncertainties continue to arise which may negatively affect the financial position, results of operations and cash flows of the Organization. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 2 – Property and Equipment

Property and equipment at December 31, 2022, is summarized as follows:

Buildings, land, improvements	\$ 979,796
Furniture and fixtures	72,826
Equipment	8,403
Total cost	<u>1,061,025</u>
Less accumulated depreciation	<u>(139,161)</u>
Net property and equipment	<u>\$ 921,864</u>

Note 3 - Land Contract

The Organization entered in to a land contract on March 31, 2020 to purchase its new building, The sales price of the building was \$600,000, of which \$120,000 was paid to the seller prior to the execution of the contract. The Organization is obligated to pay the seller the remaining balance of \$480,000 at an interest rate of 7% per year by May 1,2026.

Open Door Outreach Center, Inc.

Notes to Financial Statements

December 31, 2022

Note 3 - Land Contract (Continued)

Future minimum land contract payments are as follows for the year ending December 31, 2022:

2023	\$ 13,755
2024	14,749
2025	15,815
2026	16,959
2027 and thereafter	384,021
	<u>\$ 445,299</u>

Note 4 - In-kind Revenue

The Organization recognized \$218,577 of non-cash donations as in-kind revenue during the year ending December 31, 2022. Non-cash donations primarily consisted of food and clothing.

Note 5 – Paycheck Protection Program Loans

First Paycheck Protection Program Loan

On April 17, 2020, the Organization was granted a loan (the "Loan") from Flagstar Bank, FSB., in the aggregate amount of \$29,800, pursuant to the Coronavirus Aid, Relief, and Economic Security Act's (the "CARES Act") Paycheck Protection Program (the "PPP"), which was enacted on March 27, 2020. The Organization used the entire Loan amount for qualifying expenses as described in the CARES Act, and as described below. In April 2021, the entire Loan was forgiven by the Small Business Administration and was included in Other Income on the Statement of Activities and Changes in Net Assets for the year ending December 31, 2021.

Second Paycheck Protection Program Loan

On February 11, 2021, the Organization was granted a second loan (the "Loan") from Flagstar Bank, FSB., in the aggregate amount of \$33,705, pursuant to the Coronavirus Aid, Relief, and Economic Security Act's (the "CARES Act") Paycheck Protection Program (the "PPP"), which was enacted on March 27, 2020.

The Loan, which was in the form of a Note dated February 11, 2021, had a maturity date of February 11, 2026 and an interest rate of 1.00% per annum. No payments were due on the Loan until the Small Business Administration (SBA) remit the forgiveness amount to Flagstar Bank (or when Flagstar Bank or the SBA issued a determination that there would be no forgiveness of the Loan) so long as the Organization applied for forgiveness of the Loan within 10 months of the last day of the Forgiveness Period.

Open Door Outreach Center, Inc.

Notes to Financial Statements

December 31, 2022

Note 5 – Paycheck Protection Program Loans (continued)

As with the first PPP Loan, funds from the second PPP Loan could only be used for payroll costs, costs to continue group health care benefits, mortgage payments, rent, utilities, interest on other debt obligations, operating expenditures, property damage costs, supplier costs, and worker protection to be eligible for forgiveness of the Loan. The Organization used the entire Loan amount for qualifying expenses as described in the CARES Act.

In March, 2022, the entire second Loan was forgiven by the Small Business Administration. The forgiven loan amount is included within Other Income on the Statement of Activities and Changes in Net Assets as of December 31, 2022.

Note 6 — Liquidity and Availability of Financial Resources

The Organization has \$498,463 of financial assets, available within one year of the statement of financial position date, to meet the cash needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Organization has a goal to maintain financial assets, which consist of cash, on hand to meet 60 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.