

Financial Statements

THE OPEN DOOR SHELTER, INC.

Years Ended June 30, 2017 and 2016



DWORKEN, HILLMAN, LAMORTE & STERCZALA, P.C.
Certified Public Accountants / Business Consultants

THE OPEN DOOR SHELTER, INC.

Years Ended June 30, 2017 and 2016

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Independent Auditors' Report

Board of Directors
The Open Door Shelter, Inc.
Norwalk, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of The Open Door Shelter, Inc. (Open Door), which comprise the statement of financial position as of June 30, 2017, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Open Door'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 Open Door'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.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Open Door as of June 30, 2017, 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.

Report on Summarized Comparative Information

We have previously audited Open Door's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2016. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017 on our consideration of Open Door's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Open Door's internal control over financial reporting and compliance.

Dworken, Hillman, LaMorte & Sterczala, P.C.

December 8, 2017
Shelton, Connecticut

THE OPEN DOOR SHELTER, INC.

STATEMENTS OF FINANCIAL POSITION

	June 30,	
Assets	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 180,799	\$ 321,823
Cash reserved for capital additions	2,353,420	446,644
Contributions and grants receivable, net	1,535,497	161,664
Current portion of pledges receivable	402,655	487,405
Prepaid expenses and other	<u>66,432</u>	<u>16,978</u>
Total current assets	4,538,803	1,434,514
Property and equipment, net	5,123,162	3,941,167
Pledges receivable, net of current portion	<u>99,300</u>	<u>198,550</u>
Total Assets	<u>\$9,761,265</u>	<u>\$5,574,231</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 636,118	\$ 161,937
Current portion of long-term debt	80,764	33,003
Conditional environmental remediation obligation		100,000
Tenants' security deposits	<u>26,129</u>	<u>16,849</u>
Total current liabilities	743,011	311,789
Long-term debt, net of current portion	<u>1,257,316</u>	<u>1,383,694</u>
Total Liabilities	<u>2,000,327</u>	<u>1,695,483</u>
Net Assets		
Unrestricted		
Operating	20,996	102,037
Net investment in property and equipment	3,835,082	2,474,470
Board designated funds	<u>150,000</u>	<u>150,000</u>
Total unrestricted	4,006,078	2,726,507
Temporarily restricted	<u>3,754,860</u>	<u>1,152,241</u>
Total Net Assets	<u>7,760,938</u>	<u>3,878,748</u>
Total Liabilities and Net Assets	<u>\$9,761,265</u>	<u>\$5,574,231</u>

See notes to financial statements.

THE OPEN DOOR SHELTER, INC.

STATEMENTS OF ACTIVITIES

	Year Ended June 30,			2016 <u>Summarized Total</u>
	2017			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
Public support and revenue:				
Government grants and contracts	\$1,105,237	\$ 351,145	\$1,456,382	\$1,270,992
Contributions	956,615	3,518,971	4,475,586	1,610,836
United Way contributions	475		475	21,920
In-kind contributions	839,560		839,560	677,847
Program revenue	29,701		29,701	33,733
Rental income	250,685		250,685	180,925
Special events, net of direct donor benefit of \$66,310 and \$54,100	254,960		254,960	300,895
Interest and other income	5,187		5,187	1,207
Net assets released from restrictions	<u>1,267,497</u>	<u>(1,267,497)</u>		
Total public support and revenue	<u>4,709,917</u>	<u>2,602,619</u>	<u>7,312,536</u>	<u>4,098,355</u>
Expenses:				
Program services	2,902,824		2,902,824	2,422,145
Management and general	200,332		200,332	193,360
Fundraising	<u>327,190</u>		<u>327,190</u>	<u>295,184</u>
Total expenses	<u>3,430,346</u>		<u>3,430,346</u>	<u>2,910,689</u>
Change in net assets	1,279,571	2,602,619	3,882,190	1,187,666
Net assets, beginning	<u>2,726,507</u>	<u>1,152,241</u>	<u>3,878,748</u>	<u>2,691,082</u>
Net assets, ending	<u>\$4,006,078</u>	<u>\$3,754,860</u>	<u>\$7,760,938</u>	<u>\$3,878,748</u>

See notes to financial statements.

THE OPEN DOOR SHELTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30, 2017				Year Ended June 30, 2016			
	Program	Management and General	Fund Raising	Total	Program	Management and General	Fund Raising	Total
Personnel								
Salaries	\$ 949,105	\$ 127,278	\$ 121,460	\$ 1,197,843	\$ 859,576	\$ 125,139	\$ 131,378	\$ 1,116,093
Payroll taxes	77,779	10,430	9,953	98,162	95,690	13,931	14,625	124,246
Health and workers' compensation insurance	125,798	14,709	21,546	162,053	112,210	7,152	11,598	130,960
Hiring and other employment related	1,819		32	1,851	2,120	27	93	2,240
Retirement plan	59,452	10,182		69,634	30,499	12,941		43,440
Total Personnel Costs	1,213,953	162,599	152,991	1,529,543	1,100,095	159,190	157,694	1,416,979
Other Than Personnel Costs								
Food services	729,996			729,996	676,762			676,762
Office and other supplies	22,984	1,055	661	24,700	38,270	760	534	39,564
Telephone	9,668	329	434	10,431	7,722	277	278	8,277
Professional fees	60,997	22,384	75,156	158,537	70,207	23,195	60,080	153,482
Training and conferences	9,745	479	1,334	11,558	13,000			13,000
Utilities	93,829	2,906	1,115	97,850	82,688	1,213	603	84,504
Outside Computer Service	55,962			55,962	28,121			28,121
Marketing	115,000		47,425	162,425			35,000	35,000
Maintenance and repair	42,747			42,747	55,418			55,418
Insurance	43,239	5,931	631	49,801	47,032	6,239	418	53,689
Transportation	11,672	1,841	188	13,701	9,012	1,159	484	10,655
Mortgage and other interest	64,814			64,814	66,677			66,677
Real estate taxes	62,367			62,367	54,162			54,162
Publishing and printing	8,411	96	35,044	43,551	7,707	75	34,533	42,315
Registration, bank, and other fees	6,016		7,030	13,046	9,900	482	5,560	15,942
Program Expenses	14,927			14,927	17,565			17,565
Other expenses	11,403	2,712	5,181	19,296	13,052	770		13,822
Total Expenses Before Depreciation and Impairment	2,577,730	200,332	327,190	3,105,252	2,297,390	193,360	295,184	2,785,934
Impairment of land, buildings and improvements	196,000			196,000				
Depreciation	129,094			129,094	124,755			124,755
Total Expenses	\$ 2,902,824	\$ 200,332	\$ 327,190	\$ 3,430,346	\$ 2,422,145	\$ 193,360	\$ 295,184	\$ 2,910,689

See notes to financial statements.

THE OPEN DOOR SHELTER, INC.

STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$3,882,190	\$1,187,666
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions restricted for long-term investment	(2,353,420)	(425,634)
Allowance for doubtful accounts and pledges	(15,000)	37,445
Depreciation and amortization	129,094	124,755
Impairment loss on property and equipment	196,000	
In-kind donation of property and equipment	(14,000)	(9,000)
Change in operating assets and liabilities:		
Contributions and grants receivable	(1,358,833)	16,212
Pledges receivable	184,000	(723,400)
Prepaid expenses and other	(49,454)	6,780
Accounts payable and accrued expenses	39,175	7,874
Tenants' security deposits	<u>9,281</u>	(<u>4,490</u>)
Net cash provided by operating activities	<u>649,033</u>	<u>218,208</u>
Cash flows from investing activities:		
Purchases of property and equipment	(1,158,083)	(254,216)
Net cash used in investing activities	(1,158,083)	(254,216)
Cash flows from financing activities:		
Repayment of long-term debt	(78,618)	(460,163)
Proceeds from issuance of long-term debt		510,000
Contributions restricted for long-term investment	<u>2,353,420</u>	<u>425,634</u>
Net cash provided by financing activities	<u>2,274,802</u>	<u>475,471</u>
Net change in cash and cash equivalents	1,765,752	439,463
Cash and cash equivalents, beginning	<u>768,467</u>	<u>329,004</u>
Cash and cash equivalents, ending	<u>\$2,534,219</u>	<u>\$ 768,467</u>

THE OPEN DOOR SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2017 and 2016

1. Summary of significant accounting policies:

Nature of operations:

The Open Door Shelter, Inc. (Open Door) is a not-for-profit organization established in 1984. Open Door's mission is to effectively address the causes and complexities of the homeless and working poor by providing shelter, food, clothing, case management services, treatment services, transitional planning for short and long term goals, subsidized housing, education, employment and a path towards independence and success.

The core strategy at Open Door begins with satisfying the basic human needs of food, clothing and shelter. The organization provides case management counseling to identify the challenges faced by each individual and family. The Organization supports and connects disadvantaged people to resources and services that address their health, mental health, addiction, and employment issues. Through intensive case management and spiritual support, the Organization helps the impoverished and homeless achieve a level of security and well-being that allows them to experience personal responsibility and eventually become contributing members of society.

The case management services team provided approximately 1,500 low income and homeless individuals and families with assistance including counseling, crisis intervention, goal planning, referrals to community support services, financial management, job training, transitional housing support, use of guest telephones and computers, and access to food, shelter, shower and laundry facilities during the fiscal year ended June 30, 2017.

Open Door provides shelter nightly at its facility located at 4 Merritt St. In 2016-2017, 240 individuals including 45 children were sheltered for a total of 28,653 bed nights and received food and counseling support to move from crisis to stability and a home. In addition to the shelter, Open Door operates the Manna House kitchen which serves hot meals three times a day and a food pantry which provides boxed food and canned goods to low income individuals and families. More than 109,600 hot meals were served or an average of 300 meals a day. In addition, the shelter pantry provided 249,200 meals to individuals living in poverty.

Open Door also operates a number of private residences that provide case management support and affordable housing.

THE OPEN DOOR SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2017 and 2016

1. **Summary of significant accounting policies** (continued):

Basis of accounting:

The financial statements of Open Door are presented on the accrual basis; accordingly, public support and revenue is recognized when pledges are enforceable or when earned, and expenses are recognized when incurred.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Open Door's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

Net assets are classified as unrestricted, temporarily restricted or permanently restricted based upon the existence or absence of donor imposed restrictions limiting the use of the contributed assets as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that either expire by the passage of time or can be fulfilled or otherwise removed by actions of Open Door.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled by actions of Open Door.

Use of 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 certain reported amounts and disclosures. Actual results could vary from the estimates used.

Cash and cash equivalents:

Open Door considers all highly liquid debt instruments with a maturity of three months or less at the time of purchase to be cash equivalents.

THE OPEN DOOR SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2017 and 2016

1. **Summary of significant accounting policies** (continued):

Cash and cash equivalents (continued):

From time to time, Open Door has cash in the bank in excess of federal deposit insurance limits. Open Door has not experienced any losses to date and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Revenue recognition:

Contributions and grants:

Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Grants from federal, state and other sources are recognized as revenue when the related expenditures are incurred or revenue otherwise earned. Contributions and grants that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented with unrestricted net assets.

Open Door continuously monitors the creditworthiness of donors and has established an allowance for amounts that may become uncollectible in the future based on current economic trends, historical payment and bad debt write-off experience, and any specific donor related collection issues. Management has established an allowance of \$5,500 and \$20,500 at June 30, 2017 and 2016, respectively.

Pledges receivable:

Pledges receivable are recorded in accordance with Accounting Standards Codification No. 958-605 (ASC 958-605), "*Not for Profit Entities, Revenue Recognition*", which requires an organization to record such promises to give as revenue when the pledge is deemed to be unconditional. Accordingly, conditional pledges are recognized as revenue only when the conditions on which they depend are substantially met and the pledges become unconditional, or the contributions are received. Pledges are recorded at net realizable value if expected to be collected within one year, and at net present value if expected to be collected beyond one year. Unconditional pledges are classified as either unrestricted or temporarily restricted, depending on the nature of donor restrictions, if any. Management has established an allowance of \$37,400 for uncollectable promises at June 30, 2017 and 2016.

THE OPEN DOOR SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2017 and 2016

1. **Summary of significant accounting policies** (continued):

Revenue recognition (continued):

In-kind Contributions:

Donations of meals and other non-cash contributions, certain services and property and equipment, are recorded as contributions at their estimated fair value on the date of the donation. A substantial number of volunteers have also donated their time to Open Door's program services and fund-raising activities. No amounts have been reflected in the financial statements for donated services of volunteers that do not meet the criteria for recognition in the financial statements under GAAP.

Property and equipment:

Open Door records property and equipment at cost, or if received by donation, at estimated fair value at the time such items are received. Property and equipment with a cost or fair value in excess of \$1,000 with a useful life in excess of one year are capitalized. Major repairs and replacements that extend the useful life of property are similarly capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. Buildings and equipment are depreciated using the straight-line method over their useful lives which range from three to forty years.

Functional expense allocation:

Open Door allocates its expenses on a functional basis among its program and support services. Expenses that can be specifically identified with a program or support service are allocated directly according to their natural classifications. Other expenses that are common to several functions are allocated based on estimates made by management.

Income taxes:

Open Door is exempt from federal tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Open Door qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation.

Open Door's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations and interpretations, as well as other factors. Generally, federal and state authorities may examine Open Door's informational tax returns for the three years from date of filing. Consequently, income tax returns for years prior to 2013 are no longer subject to examination by taxing authorities.

THE OPEN DOOR SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2017 and 2016

2. **Pledges receivable:**

In 2016, Open Door initiated a capital campaign to assist with the financing and construction of a permanent supportive housing facility for homeless persons at 2 Merritt Place, Norwalk, CT. In addition to amounts pledged for the capital campaign, pledges receivable at June 30, 2017 also include amounts pledged for other unrestricted purposes.

Pledges receivable consisted of the following as of June 30, 2017:

	<u>Capital Campaign</u>	<u>Other</u>	<u>Total</u>
Receivable in less than one year	\$407,600	\$32,500	\$440,100
Receivable in one to five years	<u>26,300</u>	<u>73,000</u>	<u>99,300</u>
	433,900	105,500	539,400
Less allowance for uncollectable amounts	(37,445)	—	(37,445)
Net pledges receivable	396,455	105,500	501,955
Less current portion	(370,155)	(32,500)	(402,655)
Pledges receivable, less current portion	<u>\$ 26,300</u>	<u>\$ 73,000</u>	<u>\$ 99,300</u>

3. **Property and equipment:**

Property and equipment consists of the following at June 30:

	<u>2017</u>	<u>2016</u>
Land	<u>\$1,332,980</u>	\$1,260,908
Buildings and improvements	<u>3,758,785</u>	3,425,404
Equipment	<u>269,139</u>	266,882
Construction in progress (2 Merritt Place)	<u>2,312,830</u>	<u>1,409,451</u>
	<u>7,673,734</u>	6,362,645
Less accumulated depreciation	(<u>2,550,572</u>)	(<u>2,421,478</u>)
	<u>\$5,123,162</u>	<u>\$3,941,167</u>

Open Door reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. Included in other expenses at June 30, 2017 is \$196,000 of impairment losses associated with land, buildings and improvements.

THE OPEN DOOR SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2017 and 2016

4. **Note payable, bank:**

Open Door has available a \$500,000 line-of-credit (LOC) agreement with a bank that expires in June 2020. Any outstanding balances at June 2020 will automatically convert to a term loan expiring in June 2027. Borrowings on the LOC are payable in monthly installments of interest only at prime rate plus .50% (4.75% at June 30, 2017). The term loan, if applicable, would be payable in monthly installments of principal and interest at the banks rate plus 250 basis points, as defined. The note payable, bank is secured by a first mortgage and assignment of leases and rents for the property at 4 Merritt Street, Norwalk, CT.

5. **Long-term debt:**

	June 30,	
	<u>2017</u>	<u>2016</u>
Mortgage note payable, bank, payable in monthly installments of \$4,337, including interest at 4.75%, with a balloon payment of \$766,072 due upon maturity in April 2021. The note is secured by the properties at 2 Merritt Place and 4 Couch Street, Norwalk, CT and includes an option to renew for an additional 5 years with interest at 275 basis points over the banks rate, as defined.	\$ 814,880	\$ 824,774
Mortgage note payable, bank, payable in monthly installments of \$2,641, including interest at 4.75%, through January 2021 at which point the monthly installments of principal and interest will be recalculated based on interest of 250 basis points over the banks rate, as defined (4.78% at June 30, 2017). The remaining balance of principal and interest will become due upon maturity in January 2026. The note is secured by the property at 70 Chestnut Street, Norwalk, CT.	446,108	456,051
Note payable, Corporation for Supportive Housing, due on or before June 2018, as defined. The note is interest free through July 2017 and 6% thereafter through maturity.	50,000	50,000
Notes payable, leasing companies, payable in aggregate monthly installments of \$707, including interest a 4.95%, through February 2021.	27,092	34,719

THE OPEN DOOR SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2017 and 2016

5. **Long-term debt** (continued):

	June 30,	
	<u>2017</u>	<u>2016</u>
Note payable, local government agency, payable in monthly installments of principal and interest of \$676. The note was repaid in its entirety during 2017.		51,153
	<u>1,338,080</u>	1,416,697
Less current portion	<u>80,764</u>	33,003
	<u>\$1,257,316</u>	<u>\$1,383,694</u>

Principal payments on long-term debt as of June 30, 2017 are as follows:

<u>Year Ending June 30:</u>	
2018	\$ 80,764
2019	32,288
2020	33,728
2021	790,110
2022	12,790
Thereafter	<u>388,400</u>
	<u>\$1,338,080</u>

The mortgage note payable secured by the property at 70 Chestnut Street, Norwalk, CT contains certain financial covenants which are to be tested annually. Included, among others, is a required debt service coverage ratio of no less than 1.3 to 1.0. Failure to comply with the covenants may accelerate the due date of the outstanding principal and unpaid interest. At June 30, 2017 Open Door was in compliance with all covenants.

6. **Conditional environmental remediation obligation:**

At June 30, 2016, Open Door recorded a conditional environmental remediation obligation for the future cost of environmental cleanup liabilities associated with the property at 2 Merritt Place, Norwalk, CT. These liabilities were defined as legal obligations associated with the environmental remediation of tangible long-lived assets in which the timing and/or the method of settlement was conditional on a future event that may or may not have been within the control of Open Door. Open Door accrued costs associated with these environmental matters, on an undiscounted basis, when they became probable and reasonably estimable. At June 30, 2016, Open Door had accrued \$100,000 representing the estimate of probable cleanup liabilities. Actual costs incurred during 2017 were approximately \$130,000.

THE OPEN DOOR SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2017 and 2016

7. Defined contribution retirement plan:

Open Door has a 401(k) Plan, (the Plan) covering eligible salaried employees. Eligible salaried employees must be at least 21 years of age, work for twelve consecutive months, and complete 1,000 hours of service. Employees may contribute to the Plan, subject to IRS limitations, and Open Door may make discretionary contributions. Effective February 2016, the Plan was amended to provide for matching contributions equal to 100% of the first 2% of each participants salary deferred into the Plan. During the years ended June 30, 2017 and 2016, pension expense was \$69,600 and \$43,400, respectively.

8. Temporarily restricted net assets:

Temporarily restricted net assets at June 30, consisted of:

	<u>2017</u>	<u>2016</u>
Childrens' Resource Fund	\$ 4,985	\$ 12,207
CT Housing Finance Authority Grant	248,198	418,329
Capital Project Contributions	2,749,451	721,705
Family Housing Project Contributions	<u>752,226</u>	<u> </u>
	<u>\$3,754,860</u>	<u>\$1,152,241</u>

Net assets released from restrictions and spent for their intended purposes during the year ended June 30, 2017 are as follows:

Childrens' Resource Fund	\$ 9,222
Capital Project Contributions	104,865
CT Housing Finance Authority Grant	521,276
Family Housing Project Contributions	<u>632,134</u>
	<u>\$1,267,497</u>

9. Board designated funds:

The Board has designated \$150,000 as an operating reserve to protect Open Door from the effects of an economic downturn. Board designated funds may be spent only with specific Board authorization.

THE OPEN DOOR SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2017 and 2016

10. **In-kind contributions:**

For the years ended June 30, 2017 and 2016, Open Door received in-kind donations of meals to support the soup kitchen operation, legal services, publishing and printing services and video production and website design. These amounts are reflected both as support and expense in the accompanying financial statements. Open Door also received in-kind donations of property and equipment. The equipment has been included in fixed assets and is being depreciated over the intended useful lives. A summary of in-kind contributions and their functional allocation is presented below for the years ended June 30:

	<u>Program Services</u>	<u>Fund- Raising</u>	<u>Total</u>
2017			
Food services	\$617,882		\$617,882
Professional fees	5,000		5,000
Program expenses	6,687		6,687
Publishing and printing		\$34,231	34,231
Marketing	<u>115,000</u>	<u>46,760</u>	<u>161,760</u>
	<u>\$744,569</u>	<u>\$80,991</u>	<u>\$825,560</u>
Donated property and equipment (capitalized)			<u>14,000</u>
			<u>\$839,560</u>
2016			
Food services	\$607,313		\$607,313
Publishing and printing		\$24,090	24,090
Office and other supplies	2,444		2,444
Marketing		35,000	35,000
	<u>\$609,757</u>	<u>\$59,090</u>	\$668,847
Donated property and equipment (capitalized)			9,000
			<u>\$677,847</u>

11. **Concentration of risk:**

Open Door receives a significant portion of its revenue from government grants and fees. A significant reduction in these grants and fees could have a negative impact on Open Door's program services.

THE OPEN DOOR SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 2017 and 2016

11. **Concentration of risk** (continued):

Approximately 20% and 31% of Open Door's revenue and support is from federal and state grants and contracts for the years ended June 30, 2017 and 2016, respectively. Open Door has outstanding contributions and grants receivable from federal and state grantors of \$465,370 and \$111,060 at June 30, 2017 and 2016, respectively.

12. **Supplemental disclosures of cash flow information:**

	<u>2017</u>	<u>2016</u>
Cash paid for interest	64,814	\$66,677

13. **Supplemental disclosures of non-cash investing and financing:**

Included in accounts payable and accrued expenses at June 30, 2017 is \$435,000 of construction costs for building and improvements held for future use (2 Merritt Place).

During 2016, Open Door acquired two vehicles in exchange for notes payable totaling \$37,505.

14. **Subsequent events:**

Management has evaluated subsequent events through December 8, 2017, the date which the financial statements were available for issue.

