

**THE OPEN DOOR**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**THE OPEN DOOR  
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CliftonLarsonAllen LLP  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Open Door  
Eagan, Minnesota

We have audited the accompanying financial statements of The Open Door (a nonprofit organization), which comprise the balance sheets as of December 31, 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 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. 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 auditors' 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.

Board of Directors  
The Open Door

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Open Door as of December 31, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
June 22, 2020

**THE OPEN DOOR  
BALANCE SHEETS  
DECEMBER 31, 2019 AND 2018**

|                                      | 2019           | 2018           |
|--------------------------------------|----------------|----------------|
| <b>ASSETS</b>                        |                |                |
| <b>CURRENT ASSETS</b>                |                |                |
| Cash and Cash Equivalents            | \$ 299,261     | \$ 212,015     |
| Accounts Receivable                  | 11,000         | 15,979         |
| Inventory                            | 99,156         | 68,570         |
| Prepaid Expenses                     | 8,707          | 15,782         |
| Total Current Assets                 | 418,124        | 312,346        |
| <b>LONG-TERM ASSETS</b>              |                |                |
| Property, Plant, and Equipment, Net  | 84,043         | 90,134         |
| Investments                          | -              | 2,435          |
| Total Long-Term Assets               | 84,043         | 92,569         |
| <br>Total Assets                     | <br>\$ 502,167 | <br>\$ 404,915 |
| <b>LIABILITIES AND NET ASSETS</b>    |                |                |
| <b>CURRENT LIABILITIES</b>           |                |                |
| Accounts Payable                     | \$ 7,702       | \$ 10,954      |
| Accrued Liabilities                  | 37,418         | 26,651         |
| Deferred Rent Current                | 8,987          | 6,511          |
| Total Current Liabilities            | 54,107         | 44,116         |
| <b>LONG-TERM LIABILITIES</b>         |                |                |
| Deferred Rent Long-Term              | 8,980          | 18,239         |
| Total Liabilities                    | 63,087         | 62,355         |
| <b>NET ASSETS</b>                    |                |                |
| Without Donor Restrictions           | 439,080        | 341,617        |
| With Donor Restrictions              | -              | 943            |
| Total Net Assets                     | 439,080        | 342,560        |
| <br>Total Liabilities and Net Assets | <br>\$ 502,167 | <br>\$ 404,915 |

See accompanying Notes to Financial Statements.

**THE OPEN DOOR  
STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

|                                      | 2019                          |                            | 2018                          |                            |
|--------------------------------------|-------------------------------|----------------------------|-------------------------------|----------------------------|
|                                      | Without Donor<br>Restrictions | With Donor<br>Restrictions | Without Donor<br>Restrictions | With Donor<br>Restrictions |
|                                      | Total                         | Total                      | Total                         | Total                      |
| <b>SUPPORT AND REVENUE</b>           |                               |                            |                               |                            |
| Contributions                        | \$ 962,713                    | -                          | \$ 962,713                    | \$ 2,048                   |
| In-Kind Contributions                | 2,024,220                     | -                          | 2,024,220                     | -                          |
| Program Income                       | 1,095                         | -                          | 1,095                         | -                          |
| Investment Income                    | 816                           | -                          | 816                           | 581                        |
| Loss on Sale of Fixed Assets         | (4,166)                       | -                          | (4,166)                       | -                          |
| Net Assets Released from Restriction | 943                           | (943)                      | -                             | (16,515)                   |
| Total Support and Revenue            | <u>2,985,621</u>              | <u>(943)</u>               | <u>2,984,678</u>              | <u>(14,467)</u>            |
|                                      |                               |                            | 2,836,874                     | 2,822,407                  |
| <b>EXPENSES</b>                      |                               |                            |                               |                            |
| Program Services                     | 2,571,105                     | -                          | 2,571,105                     | 2,407,218                  |
| Management and General               | 174,279                       | -                          | 174,279                       | 220,723                    |
| Fundraising                          | 142,774                       | -                          | 142,774                       | 100,245                    |
| Total Expenses                       | <u>2,888,158</u>              | <u>-</u>                   | <u>2,888,158</u>              | <u>-</u>                   |
| <b>CHANGE IN NET ASSETS</b>          |                               |                            |                               |                            |
| Net Assets - Beginning of Year       | 97,463                        | (943)                      | 96,520                        | (14,467)                   |
|                                      |                               |                            | 108,688                       | 94,221                     |
| Net Assets - End of Year             | <u>341,617</u>                | <u>943</u>                 | <u>342,560</u>                | <u>15,410</u>              |
| <b>NET ASSETS - END OF YEAR</b>      | <u>\$ 439,080</u>             | <u>\$ -</u>                | <u>\$ 439,080</u>             | <u>\$ 943</u>              |
|                                      |                               |                            | \$ 341,617                    | \$ 342,560                 |
|                                      |                               |                            | \$ 341,617                    | \$ 342,560                 |

See accompanying Notes to Financial Statements.

**THE OPEN DOOR  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

|   | 2019                |                        |                   |                           | 2018                |                        |                   |                           |
|---|---------------------|------------------------|-------------------|---------------------------|---------------------|------------------------|-------------------|---------------------------|
|   | Program Services    | Management and General | Fundraising       | Total Functional Expenses | Program Services    | Management and General | Fundraising       | Total Functional Expenses |
| <b>EXPENSES</b>                           |                     |                        |                   |                           |                     |                        |                   |                           |
| In-Kind Food Assistance                   | \$ 2,072,776        | \$ -                   | -                 | \$ 2,072,776              | \$ 1,913,801        | \$ -                   | \$ 890            | \$ 1,914,691              |
| Compensation                              | 254,501             | 63,126                 | 118,380           | 436,007                   | 252,482             | 106,363                | 80,110            | 438,955                   |
| Payroll Taxes                             | 22,790              | 5,336                  | 10,601            | 38,727                    | 23,217              | 10,080                 | 7,367             | 40,664                    |
| IRA Plan Contributions                    | 4,517               | 1,057                  | 2,101             | 7,675                     | 4,759               | 2,066                  | 1,510             | 8,335                     |
| Occupancy                                 | 134,236             | 19,953                 | -                 | 154,189                   | 134,910             | 20,506                 | -                 | 155,416                   |
| Office Expenses                           | 29,182              | 35,358                 | 5,874             | 70,414                    | 28,907              | 31,026                 | 6,654             | 66,587                    |
| Depreciation                              | 24,461              | 1,927                  | -                 | 26,388                    | 22,978              | 3,177                  | -                 | 26,155                    |
| Insurance                                 | 6,745               | 11,180                 | -                 | 17,925                    | 2,093               | 16,578                 | -                 | 18,671                    |
| Travel                                    | 7,942               | 2,124                  | -                 | 10,066                    | 10,124              | 641                    | -                 | 10,765                    |
| Garden to Table                           | 5,692               | -                      | -                 | 5,692                     | 5,230               | -                      | -                 | 5,230                     |
| Technology                                | 4,342               | 1,466                  | -                 | 5,808                     | 3,330               | 3,564                  | -                 | 6,894                     |
| Conferences, Conventions,<br>and Meetings | -                   | 858                    | -                 | 858                       | 285                 | 125                    | -                 | 410                       |
| Program Outreach/Recognition              | 876                 | 5,491                  | 3,798             | 10,165                    | 1,250               | 1,875                  | 250               | 3,375                     |
| Accounting Fees                           | -                   | 10,259                 | -                 | 10,259                    | -                   | 9,796                  | -                 | 9,796                     |
| Legal Fees                                | -                   | -                      | -                 | -                         | -                   | 2,075                  | -                 | 2,075                     |
| Advertising                               | -                   | 268                    | 801               | 1,069                     | -                   | -                      | -                 | -                         |
| Miscellaneous                             | 1,337               | 7,957                  | 12                | 9,306                     | 602                 | 9,038                  | 3,064             | 12,704                    |
| Other Professional Fees                   | 1,708               | 7,919                  | 1,207             | 10,834                    | 3,250               | 3,813                  | 400               | 7,463                     |
| <b>Total Expenses</b>                     | <b>\$ 2,571,105</b> | <b>\$ 174,279</b>      | <b>\$ 142,774</b> | <b>\$ 2,888,158</b>       | <b>\$ 2,407,218</b> | <b>\$ 220,723</b>      | <b>\$ 100,245</b> | <b>\$ 2,728,186</b>       |

See accompanying Notes to Financial Statements.

**THE OPEN DOOR  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

|   | 2019       | 2018       |
|---|------------|------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |            |            |
| Change in Net Assets  | \$ 96,520  | \$ 94,221  |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: |            |            |
| Depreciation and Amortization   | 26,388     | 26,155     |
| Effects of Changes in Operating Assets and Liabilities:                                     |            |            |
| Accounts Receivable   | 4,979      | 9,693      |
| Inventory   | (30,586)   | (17,388)   |
| Prepaid Expenses and Other Assets   | 7,075      | (5,795)    |
| Accounts Payable  | (3,252)    | (3,489)    |
| Accrued Expenses and Other Liabilities  | 10,767     | (4,696)    |
| Deferred Rent   | (6,783)    | (3,874)    |
| Net Cash Provided by Operating Activities   | 109,274    | 94,827     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |            |            |
| Purchase of Property and Equipment  | (24,964)   | (26,280)   |
| Proceeds from Sale of Property and Equipment  | 501        | -          |
| Donated Investments   | 2,435      | 539        |
| Net Cash Used by Investing Activities   | (22,028)   | (25,741)   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>  | 87,246     | 69,086     |
| Cash and Cash Equivalents - Beginning of Year   | 212,015    | 142,929    |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>  | \$ 299,261 | \$ 212,015 |

See accompanying Notes to Financial Statements.



**THE OPEN DOOR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

The Open Door (the Organization) is a hunger relief organization dedicated to ending local hunger through access to healthy food. Through its collective programs, The Open Door serves nearly 5,000 Dakota County residents each month, and distributes over one million pounds of food annually, more than half of which is fresh and/or perishable. Clients are able to access healthy food choices through a fixed-site food pantry in Eagan, multiple Mobile Pantry sites, the Mobile Lunchbox, and the Garden to Table program.

**Financial Statement Presentation**

Net assets, support, revenue, expenses, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Resources over which the board of directors has discretionary control.

*Net Assets With Donor Restrictions* – Net assets subject to donor restrictions that will be satisfied either by the passage of time or by actions of the Organization. Some donor 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization has no perpetual restricted net assets as of December 31, 2019 and 2018.

**Cash and Cash Equivalents**

The Organization considers all highly liquid instruments with original maturities of three months or less to be cash equivalents.

**Accounts Receivables**

Accounts receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. Accordingly, the Organization accounts for uncollectible accounts by the reserve method, which is based on management's judgment considering historical information. At December 31, 2019 and 2018, the allowance was \$-0-.

**Inventory**

Inventory consists of food shelf inventory. Food shelf inventory represents perishable and nonperishable food and other consumer products on hand at year-end. Items have either been purchased by The Open Door or donated. At December 31, 2019 and 2018, items are valued at an average cost per pound of \$1.01 and \$1.22, respectively.

Pounds of food distributed to clients from the food shelf for the years ended December 31, 2019 and 2018 totaled \$1,716,585 and \$1,451,058 and in-kind contributions of food totaled \$2,020,572 and \$1,854,253, respectively.

**THE OPEN DOOR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment are stated at cost or fair value if contributed. Individual items costing more than \$1,500 are capitalized. Depreciation expense is computed using the straight-line method over estimated useful lives.

**Investments**

Investments consist of equity securities. Investment income or loss is reported as net assets without donor restrictions. The cost of securities sold is based on the specific identification method.

**Contributions**

Grants and contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized at fair value when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recorded when the condition has been satisfied.

Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions only if the restrictions are satisfied during the year in which the contributions were recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets with donor restrictions are released to net assets without donor restrictions.

**Revenue Recognition**

Revenue related to special programs is recognized at the time the programs take place or the services are performed. Revenue that is received for future periods is recorded as deferred revenue and recognized in the periods to which the service relates.

**In-Kind Donations**

Contributions of noncash assets (materials, equipment, and services) are recorded at their fair values in the period received. During the years ended December 31, 2019 and 2018, the Organization received donated food inventory of \$2,020,572 and \$1,854,253, respectively.

**Allocation of Expenses**

The Organization's costs of providing its various services have been classified on a program basis in the statements of activities. Accordingly, certain costs have been allocated among the program and support services benefited. Expenses are charged directly to programs and support services where possible. Remaining expenses are allocated based on actual time spent on programs and support services.

**THE OPEN DOOR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and applicable state statutes and is generally not subject to income taxes. It has been classified as an organization that is not a private foundation under the IRC. Charitable contributions by donors are tax deductible.

The Organization follows the income tax standard regarding the recognition and measurement of uncertain tax positions. The Organization's tax returns are subject to review by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status.

**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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Adoption of Accounting Principle**

In June 2018 the FASB issued Accounting Standards Update (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. These financial statements reflect the adoption of ASU 2018-08 beginning January 1, 2019 as allowed by the standard. The implementation of this standard had no impact on net assets as previously reported.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 22, 2020, the date the financial statements were available to be issued.

**NOTE 2 LIQUIDITY**

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

The Organization's Board of Directors approve an annual budget and work in concert with the Finance Committee who monitors financial activities and cash flow on a monthly basis. The Organization strives to maintain financial assets available to meet general expenditures at a level that allows for a positive annual cash flow with the long-term goal of beginning each fiscal year with 120 days cash on hand, which is approximately \$350,000.

**THE OPEN DOOR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 2 LIQUIDITY (CONTINUED)**

The table below presents liquid financial assets available for general expenditures within one year at December 31:

|   | 2019       | 2018       |
|---|------------|------------|
| Financial Assets At Year-End:   |            |            |
| Cash and Cash Equivalents   | \$ 299,261 | \$ 212,015 |
| Accounts Receivable   | 11,000     | 15,979     |
| Less: Assets with Donor Restrictions  | -          | (943)      |
| Liquid Financial Assets Available To Meet<br>General Expenditures Within One Year | \$ 310,261 | \$ 227,051 |

**NOTE 3 ACCOUNTS RECEIVABLE**

As of December 31, 2019 and 2018, the Organization had accounts receivable balances of \$11,000 and \$15,979, respectively, and these were fully expected to be collected within the next 12 months. Accordingly, the Organization has an allowance for doubtful accounts of \$-0- as of December 31, 2019 and 2018, and has determined that no discount is necessary.

**NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS**

The Organization had no net assets with donor restrictions as of December 31, 2019. The Organization had \$943 of net assets with donor restrictions for the Financial Capability program as of December 31, 2018.

Net assets released from restriction for the years ended December 31 included the following:

|                              | 2019   | 2018      |
|------------------------------|--------|-----------|
| Mobile Lunch Box             | \$ -   | \$ 15,410 |
| Financial Capability Program | 943    | 1,105     |
| Total                        | \$ 943 | \$ 16,515 |

**THE OPEN DOOR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment at December 31 consists of the following:

|                                | 2019             | 2018             |
|--------------------------------|------------------|------------------|
| Leasehold Improvements         | \$ 132,564       | \$ 128,497       |
| Vehicles                       | 90,953           | 84,056           |
| Equipment                      | 63,520           | 63,520           |
| Software                       | 5,780            | 5,780            |
| Total Property and Equipment   | <u>292,817</u>   | <u>281,853</u>   |
| Less: Accumulated Depreciation | <u>(208,774)</u> | <u>(191,719)</u> |
| Property and Equipment, Net    | <u>\$ 84,043</u> | <u>\$ 90,134</u> |

Depreciation expense was \$26,388 and \$26,155 for the years ended December 31, 2019 and 2018, respectively.

**NOTE 6 OPERATING LEASES**

The Organization leases space for their food pantries in Eagan and Apple Valley. The Eagan lease expires September 30, 2021, and the Apple Valley lease expires March 31, 2021. Subsequent to year, the Organization signed a lease amendment for the Apple Valley location to extend the term through September 30, 2021. The Eagan and Apple Valley leases include escalating monthly payments. Because of this, deferred rent of \$17,967 has been recorded as of December 31, 2019.

In addition, the Organization receives free administrative office rent in the amount of \$1,400 per month. In 2018, the Organization also entered into a 48-month operating lease for office equipment for \$99 per month. In 2019, an additional 48-month operating lease for office equipment was signed for \$82 per month.

Rent expense for the years ended December 31, 2019 and 2018 was \$124,325 and \$122,316, respectively, including charges for common area maintenance.

Future minimum lease commitments are as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u>     |
|---------------------------------|-------------------|
| 2020                            | \$ 80,312         |
| 2021                            | 62,390            |
| 2022                            | 1,878             |
| 2023                            | 987               |
| 2024                            | 82                |
| Total                           | <u>\$ 145,649</u> |

**THE OPEN DOOR  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 7 SUBSEQUENT EVENTS**

The Coronavirus Disease 2019 (COVID-19) pandemic has recently affected markets, supply chains, businesses, and our communities. Specific to The Open Door, COVID-19 may impact various parts of its 2020 operations and financial results, including fundraising events and campaigns, and increased client need for food and assistance. The Open Door applied for and received a \$92,900 Paycheck Protection Program (PPP) loan at 1% interest on April 20, 2020. The loan matures on April 20, 2022 and monthly payments begin on November 20, 2020. The loan shall be used for allowable payroll and facility costs and may be forgiven if certain criteria established with the PPP loan are met.

Management believes The Open Door is taking appropriate actions to address any potential negative financial impact. However, the full impact of COVID-19 is unknown and cannot reasonably be estimated as events and effects are still developing.