

**THE OPEN DOOR
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**



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**THE OPEN DOOR
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Open Door
Eagan, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Open Door, which comprise the balance sheets as of December 31, 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.

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, 2021 and 2020, and the change 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Open Door and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 The Open Door's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 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 GAAS, 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 The Open Door'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 The Open Door'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.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 27, 2022

**THE OPEN DOOR
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,219,294	\$ 1,482,858
Accounts Receivable	1,750	3,250
Inventory	152,661	154,011
Prepaid Expenses	12,315	11,400
Total Current Assets	<u>2,386,020</u>	<u>1,651,519</u>
LONG-TERM ASSETS		
Property, Plant, and Equipment, Net	<u>121,343</u>	<u>131,555</u>
Total Assets	<u><u>\$ 2,507,363</u></u>	<u><u>\$ 1,783,074</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 20,234	\$ 23,539
Accrued Liabilities	32,908	36,812
Deferred Rent	-	8,133
PPP Loan	-	92,900
Total Current Liabilities	<u>53,142</u>	<u>161,384</u>
NET ASSETS		
Without Donor Restrictions	<u>2,454,221</u>	<u>1,621,690</u>
Total Net Assets	<u><u>2,454,221</u></u>	<u><u>1,621,690</u></u>
Total Liabilities and Net Assets	<u><u>\$ 2,507,363</u></u>	<u><u>\$ 1,783,074</u></u>

See accompanying Notes to Financial Statements.

**THE OPEN DOOR
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 2,144,470	\$ -	\$ 2,144,470	\$ 2,468,840	\$ -	\$ 2,468,840
PPP Loan Forgiveness	92,900	-	92,900	-	-	-
In-Kind Contributions	5,124,457	-	5,124,457	4,667,928	-	4,667,928
Other Income	2,957	-	2,957	3,057	-	3,057
Total Support and Revenue	7,364,784	-	7,364,784	7,139,825	-	7,139,825
EXPENSES						
Program Services	6,042,511	-	6,042,511	5,485,847	-	5,485,847
Management and General	185,481	-	185,481	275,543	-	275,543
Fundraising	304,261	-	304,261	195,825	-	195,825
Total Expenses	6,532,253	-	6,532,253	5,957,215	-	5,957,215
CHANGE IN NET ASSETS	832,531	-	832,531	1,182,610	-	1,182,610
Net Assets - Beginning of Year	1,621,690	-	1,621,690	439,080	-	439,080
NET ASSETS - END OF YEAR	<u>\$ 2,454,221</u>	<u>\$ -</u>	<u>\$ 2,454,221</u>	<u>\$ 1,621,690</u>	<u>\$ -</u>	<u>\$ 1,621,690</u>

See accompanying Notes to Financial Statements.

**THE OPEN DOOR
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021				2020			
	Program Services	Management and General	Fundraising	Total Functional Expenses	Program Services	Management and General	Fundraising	Total Functional Expenses
EXPENSES								
In-Kind Food Assistance	\$ 5,192,161	\$ 1,520	\$ -	\$ 5,193,681	\$ 4,747,846	\$ -	\$ -	\$ 4,747,846
Compensation	398,136	66,571	192,866	657,573	362,390	76,007	171,856	610,253
Payroll Taxes	37,329	6,380	18,083	61,792	28,575	13,451	15,422	57,448
IRA Plan Contributions	9,280	1,586	4,495	15,361	4,287	4,188	1,692	10,167
Occupancy	182,865	18,645	-	201,510	186,237	22,266	-	208,503
Office Expenses	51,457	25,691	47,705	124,853	58,739	74,451	1,710	134,900
Depreciation	39,418	-	-	39,418	30,636	446	-	31,082
Insurance	10,583	11,749	-	22,332	9,622	11,899	-	21,521
Transportation Expenses	47,401	685	1,203	49,289	9,027	836	-	9,863
Garden to Table	12,513	-	-	12,513	4,545	-	-	4,545
Technology	6,142	16,107	246	22,495	5,444	5,368	-	10,812
Conferences, Conventions, and Meetings	2,820	75	45	2,940	-	427	-	427
Program Outreach/Recognition	961	1,787	27,436	30,184	1,000	22,710	2,309	26,019
Accounting Fees	-	11,105	-	11,105	-	10,790	-	10,790
Legal Fees	-	-	-	-	-	1,100	-	1,100
Mobile & Pantry	40,085	-	-	40,085	31,421	-	-	31,421
Advertising	-	185	983	1,168	-	11,478	336	11,814
Miscellaneous	10,265	5,829	7,786	23,880	5,717	12,797	-	18,514
Other Professional Fees	1,095	17,566	3,413	22,074	361	7,329	2,500	10,190
Total Expenses	\$ 6,042,511	\$ 185,481	\$ 304,261	\$ 6,532,253	\$ 5,485,847	\$ 275,543	\$ 195,825	\$ 5,957,215

See accompanying Notes to Financial Statements.

**THE OPEN DOOR
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 832,531	\$ 1,182,610
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	39,418	31,082
(Gain) Loss on Disposal of Property and Equipment	188	(1,000)
PPP Loan Forgiveness	(92,900)	-
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	1,500	7,750
Inventory	1,350	(54,855)
Prepaid Expenses and Other Assets	(915)	(2,693)
Accounts Payable	(3,305)	15,837
Accrued Expenses and Other Liabilities	(3,904)	(606)
Deferred Rent	(8,133)	(9,834)
Net Cash Provided by Operating Activities	765,830	1,168,291
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(29,394)	(78,594)
Proceeds from Sale of Property and Equipment	-	1,000
Net Cash Used by Investing Activities	(29,394)	(77,594)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Note Payable	-	92,900
NET INCREASE IN CASH AND CASH EQUIVALENTS	736,436	1,183,597
Cash and Cash Equivalents - Beginning of Year	1,482,858	299,261
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,219,294</u>	<u>\$ 1,482,858</u>

See accompanying Notes to Financial Statements.

**THE OPEN DOOR
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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 low-income, food-insecure individuals and families who live in Dakota County and distributed over 2.9 million pounds of food in 2021, 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 net assets with donor restrictions as of December 31, 2021 and 2020.

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, 2021 and 2020, 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, 2021 and 2020, items are valued at an average cost per pound of \$1.74 and \$1.59, respectively.

Estimated value of the pounds of food distributed to clients from the food shelf for the years ended December 31, 2021 and 2020 totaled \$5,193,681 and \$4,747,846 and the estimated value of in-kind contributions of food totaled \$5,123,351 and \$4,667,681, respectively.

**THE OPEN DOOR
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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.

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, 2021 and 2020, the Organization received donated food inventory of \$5,123,351 and \$4,667,681, respectively and donated professional services of \$1,106 and \$247, respectively.

Governmental Grants and Contracts

Governmental grants and contract funds are recorded when revenue is earned. Revenue is earned when eligible expenditures, as defined by each grant or contract, are made. As of December 31, 2021, the Organization had \$363,310 of available expenditures on existing government grants. This amount is considered to be conditional and will be recognized as revenue when eligible expenditures are incurred. Expenditures under governmental contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

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, 2021 AND 2020**

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.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 27, 2022, 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.

**THE OPEN DOOR
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 2 LIQUIDITY (CONTINUED)

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

	2021	2020
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 2,219,294	\$ 1,482,858
Accounts Receivable	1,750	3,250
Liquid Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 2,221,044</u>	<u>\$ 1,486,108</u>

NOTE 3 ACCOUNTS RECEIVABLE

As of December 31, 2021 and 2020, the Organization had accounts receivable balances of \$1,750 and \$3,250, 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, 2021 and 2020, and has determined that no discount is necessary.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at December 31 consists of the following:

	2021	2020
Leasehold Improvements	132,564	\$ 132,564
Vehicles	140,672	122,974
Equipment	97,456	88,444
Software	5,780	5,780
Total Property and Equipment	376,472	349,762
Less: Accumulated Depreciation	(255,129)	(218,207)
Property and Equipment, Net	<u>\$ 121,343</u>	<u>\$ 131,555</u>

Depreciation expense was \$39,418 and \$31,082 for the years ended December 31, 2021 and 2020, respectively.

NOTE 5 PAYCHECK PROTECTION PROGRAM LOAN

On April 20, 2020, the Organization was granted a loan in the amount of \$92,900, to fund payroll, rent, mortgages, and utilities through the federal Paycheck Protection Program (PPP). The PPP loan bears interest at a fixed rate of 1% per annum with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven based on compliance with program requirements and approval by the SBA.

**THE OPEN DOOR
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 5 PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

The Organization is following ASC 470, *Debt*, to account for the initial receipts related to the PPP loan. On January 25, 2021, the SBA processed the Organization's PPP loan forgiveness application and notified the bank the PPP loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, the Organization was legally released from the debt and loan forgiveness has been recorded as a gain on extinguishment of debt during the year ending December 31, 2021.

The SBA may review funding eligibility and usage of funds for compliance with the program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the company's financial position.

NOTE 6 OPERATING LEASES

The Organization leases space for their food pantries in Eagan and Apple Valley. The Eagan lease expires September 30, 2022, and the Apple Valley lease expired September 30, 2021 and is now leased on a month-to-month basis.

The Organization also entered into a vehicle lease with a 60-month term and \$1,700 monthly minimum lease payments due through July 31, 2025.

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, 2021 and 2020 was \$189,772 and \$182,949, respectively, including charges for common area maintenance.

Future minimum lease commitments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 60,792
2023	21,387
2024	20,482
2025	11,900
Total	<u>\$ 114,561</u>



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