

Open Door Mission

**Financial Statements and
Independent Auditors' Report**

March 31, 2021 and 2020



Open Door Mission

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Open Door Mission
Omaha, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of Open Door Mission which comprise the statements of financial position as of March 31, 2021 and 2020, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Open Door Mission as of March 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lutz & Company, P.C.

June 23, 2021

Open Door Mission

Statements of Financial Position

March 31, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 7,430,635	\$ 2,297,052
Restricted Cash and Cash Equivalents	41,652	50,069
Marketable Securities	30,243	544,000
Employee Receivables	-	353
Inventories	1,134,671	485,175
Prepaid Expenses	57,537	56,635
Other Current Assets	6,531	6,587
Total Current Assets	8,701,269	3,439,871
PROPERTY AND EQUIPMENT		
Land	1,046,246	1,046,246
Buildings and Improvements	7,232,241	7,188,254
Furniture and Equipment	1,155,158	1,005,121
Vehicles	751,637	641,171
Total Cost	10,185,282	9,880,792
Less Accumulated Depreciation	3,788,610	3,433,623
Net Book Value	6,396,672	6,447,169
OTHER ASSETS		
Accrued Interest Receivable, Related Party	1,039,209	927,283
Notes Receivable, Related Party	2,368,321	2,368,321
Advances to Affiliates	435,253	435,253
Deposits	80	80
Total Other Assets	3,842,863	3,730,937
TOTAL ASSETS	\$ 18,940,804	\$ 13,617,977

See Notes to Financial Statements.

Open Door Mission

Statements of Financial Position

March 31, 2021 and 2020

LIABILITIES	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 35,740	\$ 52,288
Current Maturities of Deferred Compensation	-	8,769
Accounts Payable	132,892	218,688
Accrued Compensation and Other Accrued Expenses	224,839	363,553
Total Current Liabilities	393,471	643,298
LONG-TERM LIABILITIES		
Long-Term Debt, Less Current Maturities	450,000	652,255
Other Long-Term Liabilities	38,676	33,229
Total Long-Term Liabilities	488,676	685,484
Total Liabilities	882,147	1,328,782
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without Donor Restrictons	17,945,317	12,217,809
With Donor Restrictions	113,340	71,386
Total Net Assets	18,058,657	12,289,195
TOTAL LIABILITIES AND NET ASSETS	\$ 18,940,804	\$ 13,617,977

See Notes to Financial Statements.

Open Door Mission

Statements of Activities and Changes in Net Assets

Year Ended March 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT			
Contributions	\$ 12,502,733	\$ 715,214	\$ 13,217,947
Non-Cash Contributions	14,079,957	-	14,079,957
Bequests and Memorials	233,672	-	233,672
Total Support	26,816,362	715,214	27,531,576
REVENUE			
Interest and Dividends	114,474	-	114,474
Net Realized Gain on Sale of Marketable Securities	165,371	-	165,371
Change in Net Unrealized Holding Loss on Marketable Securities	(9,332)	-	(9,332)
Rental Income	499,651	-	499,651
Miscellaneous	194,694	-	194,694
Total Revenue	964,858	-	964,858
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of Program Restrictions	673,260	(673,260)	-
TOTAL SUPPORT, REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS	28,454,480	41,954	28,496,434
EXPENSES			
Program Services			
Lydia House - Women and Children's Emergency Services	2,964,099	-	2,964,099
Lydia House - Women and Children's Recovery Services	1,234,623	-	1,234,623
Open Door Mission - Men's Emergency Services	2,268,494	-	2,268,494
Open Door Mission - Men's Recovery Services	1,184,265	-	1,184,265
Public Services	10,438,911	-	10,438,911
Public Education	164,346	-	164,346
Spiritual Support Ministries	30,100	-	30,100
Permanent Supportive Housing	1,707,414	-	1,707,414
Total Program Expenses	\$ 19,992,252	\$ -	\$ 19,992,252

See Notes to Financial Statements.

Open Door Mission

Statements of Activities and Changes in Net Assets

Year Ended March 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Supporting Services			
General and Administrative	\$ 1,017,822	\$ -	\$ 1,017,822
Fundraising	1,716,898	-	1,716,898
Total Supporting Services Expenses	2,734,720	-	2,734,720
Total Expenses	22,726,972	-	22,726,972
Increase in Net Assets	5,727,508	41,954	5,769,462
Net Assets, Beginning of Year	12,217,809	71,386	12,289,195
NET ASSETS, END OF YEAR	\$ 17,945,317	\$ 113,340	\$ 18,058,657

See Notes to Financial Statements.

Open Door Mission

Statements of Activities and Changes in Net Assets

Year Ended March 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT			
Contributions	\$ 7,358,527	\$ 289,852	\$ 7,648,379
Non-Cash Contributions	19,020,411	-	19,020,411
Bequests and Memorials	823,307	-	823,307
Total Support	27,202,245	289,852	27,492,097
REVENUE			
Interest and Dividends	116,142	-	116,142
Net Realized Gain on Sale of Marketable Securities	791	-	791
Change in Net Unrealized Holding Gain on Marketable Securities	9,820	-	9,820
Rental Income	508,073	-	508,073
Miscellaneous	252,246	-	252,246
Total Revenue	887,072	-	887,072
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of Program Restrictions	299,477	(299,477)	-
TOTAL SUPPORT, REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS	28,388,794	(9,625)	28,379,169
EXPENSES			
Program Services			
Lydia House - Women and Children's Emergency Services	4,164,202	-	4,164,202
Lydia House - Women and Children's Recovery Services	1,519,302	-	1,519,302
Open Door Mission - Men's Emergency Services	3,769,135	-	3,769,135
Open Door Mission - Men's Recovery Services	1,860,668	-	1,860,668
Public Services	11,258,201	-	11,258,201
Public Education	112,620	-	112,620
Spiritual Support Ministries	26,925	-	26,925
Permanent Supportive Housing	1,735,052	-	1,735,052
Total Program Expenses	\$ 24,446,105	\$ -	\$ 24,446,105

See Notes to Financial Statements.

Open Door Mission

Statements of Activities and Changes in Net Assets

Year Ended March 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Supporting Services			
General and Administrative	\$ 1,019,779	\$ -	\$ 1,019,779
Fundraising	1,716,139	-	1,716,139
Total Supporting Services Expenses	2,735,918	-	2,735,918
Total Expenses	27,182,023	-	27,182,023
Increase (Decrease) in Net Assets	1,206,771	(9,625)	1,197,146
Net Assets, Beginning of Year	11,011,038	81,011	11,092,049
NET ASSETS, END OF YEAR	\$ 12,217,809	\$ 71,386	\$ 12,289,195

See Notes to Financial Statements.

Open Door Mission

Statements of Cash Flows

Years Ended March 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 5,769,462	\$ 1,197,146
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	354,987	380,005
Net Realized Gain on Sale of Marketable Securities	(165,371)	(791)
Change in Net Unrealized Holding Loss (Gain) On Marketable Securities	9,332	(9,820)
Contributions of Marketable Securities	(165,102)	(579,013)
Increase in Accrued Interest Receivable, Related Party	(111,926)	(108,665)
Loss on Sale of Property and Equipment	-	14,704
Decrease (Increase) in Current Assets:		
Contributions Receivable	-	1,778
Employee Receivables	353	3,509
Inventories	(649,496)	143,933
Prepaid Expenses	(902)	(12,866)
Other Current Assets	56	1,393
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(85,796)	58,181
Accrued Compensation and Other Accrued Expenses	(138,714)	29,037
Other Long-Term Liabilities	5,447	(5,107)
Net Cash Provided by Operating Activities	<u>4,822,330</u>	<u>1,113,424</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Marketable Securities	834,898	45,624
Purchase of Property and Equipment	(304,490)	(326,541)
Decrease in Deposits	-	2,950
Net Cash Provided by (Used in) Investing Activities	<u>530,408</u>	<u>(277,967)</u>

See Notes to Financial Statements.

Open Door Mission

Statements of Cash Flows

Years Ended March 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Paycheck Protection Program Loan	\$ 660,500	\$ -
Repayment of Paycheck Protection Program Loan	(660,500)	-
Repayments of Long-Term Debt	(218,803)	(56,434)
Payments on Deferred Compensation	(8,769)	(12,462)
Net Cash Used in Financing Activities	(227,572)	(68,896)
Net Increase in Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	5,125,166	766,561
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning of Year	2,347,121	1,580,560
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, End of Year	\$ 7,472,287	\$ 2,347,121
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 4,939	\$ 12,624
NONCASH INVESTING ACTIVITIES		
Long-term Debt Incurred to Purchase Property and Equipment	\$ -	\$ 10,512

See Notes to Financial Statements.

Open Door Mission

Statements of Functional Expenses – Program Services

Year Ended March 31, 2021

	Overnight Guests				Public Services	Public Education	Spiritual Support Ministries	Permanent Supportive Housing	Total
	Lydia House- Women and Children's Emergency Services	Lydia House- Women and Children's Recovery Services	Open Door Mission- Men's Emergency Services	Open Door Mission- Men's Recovery Services					
Direct Expenses	\$ 1,613,764	\$ 242,100	\$ 1,048,140	\$ 583,215	\$ 6,398,267	\$ 164,346	\$ 30,100	\$ 892,426	\$10,972,358
Salaries, Payroll Taxes and Related Benefits	607,271	723,641	636,101	338,659	691,826	-	-	251,662	3,249,160
Telephone	1,787	2,624	3,850	1,446	4,809	-	-	5,540	20,056
Occupancy, Including Depreciation	290,230	208,462	288,973	104,814	376,151	-	-	312,382	1,581,012
Printing, Postage and Office Supplies	2,151	2,642	1,692	1,301	2,096	-	-	2,272	12,154
Travel and Conferences	828	828	2,292	-	-	-	-	-	3,948
Technology Support	4,897	3,653	3,090	4,207	8,102	-	-	4,460	28,409
Food and Kitchen	441,055	48,710	274,031	149,898	2,916,060	-	-	237,766	4,067,520
Vehicle Expenses	2,116	1,963	10,325	725	41,600	-	-	906	57,635
Total	\$ 2,964,099	\$ 1,234,623	\$ 2,268,494	\$ 1,184,265	\$ 10,438,911	\$ 164,346	\$ 30,100	\$ 1,707,414	\$19,992,252

See Notes to Financial Statements.

Open Door Mission

Statements of Functional Expenses – Program Services

Year Ended March 31, 2020

	Overnight Guests				Public Services	Public Education	Spiritual Support Ministries	Permanent Supportive Housing	Total
	Lydia House- Women and Children's Emergency Services	Lydia House- Women and Children's Recovery Services	Open Door Mission- Men's Emergency Services	Open Door Mission- Men's Recovery Services					
Direct Expenses	\$ 3,176,811	\$ 719,518	\$ 2,700,837	\$ 1,248,960	\$ 7,334,451	\$ 112,620	\$ 26,925	\$ 1,059,224	\$16,379,346
Salaries, Payroll Taxes and Related Benefits	451,409	565,001	541,212	394,959	696,834	-	-	267,871	2,917,286
Interest Expense	-	-	649	-	-	-	-	-	649
Telephone	2,012	2,542	5,424	1,925	6,340	-	-	6,092	24,335
Occupancy, Including Depreciation	243,821	163,664	255,483	100,437	375,647	-	-	301,578	1,440,630
Printing, Postage and Office Supplies	2,738	2,594	2,529	1,127	1,978	-	-	2,096	13,062
Dues and Subscriptions	11	-	-	-	-	-	-	-	11
Travel and Conferences	967	887	1,484	324	1,196	-	-	22	4,880
Technology Support	4,080	2,780	2,716	4,018	7,679	-	-	2,819	24,092
Food and Kitchen	280,206	59,802	237,534	108,265	2,793,890	-	-	93,217	3,572,914
Vehicle Expenses	2,147	2,514	21,267	653	40,186	-	-	2,133	68,900
Total	\$ 4,164,202	\$ 1,519,302	\$ 3,769,135	\$ 1,860,668	\$ 11,258,201	\$ 112,620	\$ 26,925	\$ 1,735,052	\$24,446,105

See Notes to Financial Statements.

Open Door Mission

Statements of Functional Expenses – Supporting Services

Year Ended March 31, 2021

	General and Administrative	Fundraising	Total
General and Administrative	\$ 54,717	\$ -	\$ 54,717
Fundraising	-	1,071,955	1,071,955
Bank Charges	84,569	-	84,569
Salaries, Payroll Taxes, and Related Benefits	575,989	583,379	1,159,368
Interest Expense	4,939	-	4,939
Telephone	9,849	3,301	13,150
Occupancy, Including Depreciation	102,704	25,317	128,021
Printing, Postage and Office Supplies	23,215	23,558	46,773
Professional Fees	82,335	-	82,335
Dues and Subscriptions	14,700	1,423	16,123
Travel and Conferences	11,839	1,145	12,984
Technology Support	21,757	3,150	24,907
Vehicle Expenses	31,209	3,670	34,879
Total	\$ 1,017,822	\$ 1,716,898	\$ 2,734,720

See Notes to Financial Statements.

Open Door Mission

Statements of Functional Expenses – Supporting Services

Year Ended March 31, 2020

	General and Administrative	Fundraising	Total
General and Administrative	\$ 49,596	\$ -	\$ 49,596
Fundraising	-	986,330	986,330
Bank Charges	57,664	-	57,664
Salaries, Payroll Taxes, and Related Benefits	660,750	678,728	1,339,478
Interest Expense	11,975	-	11,975
Telephone	9,466	2,498	11,964
Occupancy, Including Depreciation	99,611	21,164	120,775
Printing, Postage and Office Supplies	15,640	18,694	34,334
Professional Fees	43,007	-	43,007
Dues and Subscriptions	12,727	938	13,665
Travel and Conferences	18,440	2,716	21,156
Technology Support	8,947	1,318	10,265
Vehicle Expenses	31,956	3,753	35,709
Total	\$ 1,019,779	\$ 1,716,139	\$ 2,735,918

See Notes to Financial Statements.

Open Door Mission

Notes to Financial Statements

March 31, 2021 and 2020

1. Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements is set forth below.

Organization and Nature of Activities

Open Door Mission (the Organization) was incorporated on February 26, 1955 as Rescue Mission, Inc. d/b/a Open Door Mission, a Nebraska nonprofit corporation. In 2015, the Organization's name changed to Open Door Mission, a Nebraska religious nonprofit corporation. It operates as the Open Door Mission, Lydia House, and Timberlake Outreach Center from its locations in Omaha and Elkhorn, Nebraska and Council Bluffs, Iowa. The Organization is a human services organization whose mission is to provide for the needs of the homeless or needy persons with shelter, food and clothing and spiritual, physical and emotional help. The Organization provides an opportunity for guests to develop Christian lifestyles and become productive individuals in society.

Financial Statement Presentation

The Organization follows Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements for Not-for-Profit Entities*. Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions.

The Organization follows ASU No. 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in determining 1) whether a transfer of an asset is a contribution or an exchange transaction, and 2) if contributions are conditional or unconditional.

The Organization follows ASU 2016-18, *Statement of Cash Flows (Topic 230) - Restricted Cash*. This standard aggregates restricted cash and cash equivalents into the total cash and cash equivalents amount on the statements of cash flows.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and support, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

Open Door Mission

Notes to Financial Statements

March 31, 2021 and 2020

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Net assets restricted by the actions of the Organization and/or the passage of time are temporary in nature. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Other donor-imposed stipulations are permanent in nature and require that principal be maintained in perpetuity by the Organization. At March 31, 2021 and 2020, the Organization had no net assets with donor restrictions permanent in nature.

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 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 reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments, with an initial maturity of three months or less, to be cash and cash equivalents. The Organization considers all cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes to be restricted cash and cash equivalents.

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents at March 31 reported within the statements of financial position that sum to the total shown in the statements of cash flows.

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 7,430,635	\$ 2,297,052
Restricted Cash and Cash Equivalents	41,652	50,069
Total Cash and Cash Equivalents and Restricted Cash and Cash Equivalents shown in the Statements of Cash Flows	<u>\$ 7,472,287</u>	<u>\$ 2,347,121</u>

Financial Instruments Subject to Credit Risk

The Organization has two types of financial instruments subject to credit risk. The Organization maintains bank accounts in which the balances sometimes exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. At March 31, 2021 and 2020, there were cash balances in excess of FDIC limits at the bank of approximately \$6,969,000 and \$1,781,000, respectively.

Receivables also subject the Organization to credit risk.

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Notes to Financial Statements

March 31, 2021 and 2020

Marketable Securities

Marketable securities are stated at fair value in the statements of financial position; securities traded on a national securities exchange are valued at quoted market prices. Changes in net unrealized gains and losses, realized gains and losses, and interest and dividends are included in the statements of activities and changes in net assets and result in increases or decreases to net assets without donor restrictions unless their use is temporarily restricted to a specified purpose or future period. Realized gains and losses are determined by specifically identifying the marketable security sold. Interest and dividends are recorded as earned.

Inventories

Inventories consist of donated items and are stated at fair value at the date of donation.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property and equipment, at estimated fair value when received. Donations of property and equipment are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Expenditures for additions and betterments are capitalized; expenditures for maintenance and repairs are expensed as incurred. The costs of assets disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses from property and equipment disposals are recognized in the year of disposal.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and Improvements	3-40
Furniture and Equipment	3-10
Vehicles	3-5

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. Management does not believe any impairment existed for the years ended March 31, 2021 and 2020.

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Notes to Financial Statements

March 31, 2021 and 2020

Paycheck Protection Program

In April 2020, the Organization was granted a loan from a certain bank in the aggregate amount of \$660,500, pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020 (the “PPP Loan”). Funds from the PPP Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. Under the terms of the PPP Loan, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

During 2021, the Organization repaid the PPP Loan in full, which is reflected in cash flows from financing activities in the accompanying statements of cash flows.

Revenue Recognition

The Organization follows Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“ASU 2014-09”). Accordingly, the Organization’s policy for revenue recognition is defined below.

Contributions

Contributions that do not meet the definition of an exchange transaction in accordance with ASU 2014-09 are accounted for under the guidance in Accounting Standards Codification 958 “Not-for-Profit Entities.” Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized when the barriers for recognition in the agreement are fully overcome and there is no longer a right of return related to the contributed assets. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions unless the restrictions expire in the fiscal year in which the contributions are recognized, in which case, the contributions are reported as increases in net assets without donor restrictions. If the restriction does not expire in the fiscal year in which the contributions are recognized, amounts are released from net assets with donor restrictions and reclassified to net assets without donor restriction when the restriction expires. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Contributions of services are recorded at estimated fair value of the services provided when received if such services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

Contributions of donated non-cash assets and investment securities are recorded at estimated fair value when received. The Organization’s policy is to sell donated securities as soon as administratively feasible upon receipt of the securities.

Open Door Mission

Notes to Financial Statements

March 31, 2021 and 2020

Functional Allocation of Expenses

The costs of providing the various programs and supporting services of the Organization have been summarized on a functional basis in the statements of activities and changes in net assets. Costs are allocated to each functional expense category based on the specific departments benefitted by the expense. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, food and kitchen and others. Occupancy expenses are allocated to the different functional expense categories based on the square footage within which each program operates. Food and kitchen expenses are allocated based on the number of meals each program serves. Salaries and related expenses for certain individuals performing tasks in multiple functional expense categories are allocated based on estimates of time and effort.

Income Taxes

The Organization has qualified under Internal Revenue Code Section 501(c)(3) for Federal income tax purposes as a tax-exempt organization other than a private foundation.

The Organization follows the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740-10 related to uncertain income tax positions. Management believes there are no uncertain income tax positions taken which would require the Organization to reflect a liability for unrecognized tax benefits on the accompanying statements of financial position.

The Organization is no longer subject to income tax examinations by Federal, state, or local tax authorities for years before March 31, 2018.

Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are available to be issued and may require potential recognition or disclosure in the financial statements. Management has considered such events or transactions through June 23, 2021, noting no items requiring disclosure.

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Notes to Financial Statements

March 31, 2021 and 2020

2. Liquidity and Cash Management

The following reflects the Organization's financial assets as of March 31, 2021 and 2020, respectively, reduced by amounts not available for general use within one year of the date of the statement of financial position because of contractual or donor-imposed restrictions.

	<u>2021</u>	<u>2020</u>
Financial Assets at March 31	\$ 8,701,269	\$ 3,439,871
Less Amounts Unavailable for General Expenditures Within One Year Due to:		
Restricted by Donor with Time or Purpose Restrictions	(113,340)	(71,386)
Other Current Assets	(6,531)	(6,587)
Inventories	(1,134,671)	(485,175)
Prepaid Expenses	(57,537)	(56,635)
Cash Held as Collateral for Revolving Line of Credit	(538,375)	(538,375)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 6,850,815</u>	<u>\$ 2,281,713</u>

The Organization manages its liquid resources by structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of daily requirements in commercial money market instruments. In the event of unanticipated liabilities, the Organization could draw upon its \$500,000 and \$1,000,000 lines of credit (see Note 5). In order to receive a more preferential interest rate on the \$1,000,000 line of credit, the Organization agreed to maintain a money market account with the bank as additional collateral for the loan. In the event of unanticipated liabilities, the Organization could utilize these funds.

3. Marketable Securities

Marketable Securities at March 31 consists of the following:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<u>2021</u>				
Common Stock	<u>\$ 29,755</u>	<u>\$ 488</u>	<u>\$ -</u>	<u>\$ 30,243</u>
<u>2020</u>				
Common Stock	<u>\$ 534,180</u>	<u>\$ 9,820</u>	<u>\$ -</u>	<u>\$ 544,000</u>

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The following schedules summarizes the investment return on marketable securities and money market funds for the years ended March 31:

	<u>2021</u>	<u>2020</u>
Interest and Dividend Income, Net of Fees	\$ 2,548	\$ 7,476
Net Realized Gain on Sale of Investments	165,371	791
Change in Net Unrealized Holding Gain (Loss)	(9,332)	9,820
	<u>\$ 158,587</u>	<u>\$ 18,087</u>

4. Fair Value Measurements

FASB Codification Topic 820-10 on Fair Value Measurements (FASB 820-10) establishes a framework for measuring fair value and provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values giving the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Unadjusted quoted prices available in active markets that are accessible at the measurement date for identical assets or liabilities. This level primarily consists of financial instruments such as exchange-traded securities.

Level 2 – Pricing inputs include quoted prices for identical or similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs reflect management's best estimates of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value at March 31, 2021 and 2020.

Common Stock: Valued at the closing price reported on the active market on which the individual securities are traded.

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The following table presents by level, within the fair value hierarchy, the Organization's marketable securities at fair value as of March 31, 2021.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stock	\$ 30,243	\$ -	\$ -	\$ 30,243
Total Marketable Securities at Fair Value	<u>\$ 30,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,243</u>

The following table presents by level, within the fair value hierarchy, the Organization's marketable securities at fair value as of March 31, 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common Stock	\$ 544,000	\$ -	\$ -	\$ 544,000
Total Marketable Securities at Fair Value	<u>\$ 544,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 544,000</u>

5. Financing Arrangements

The Organization's financing arrangements consist of \$500,000 and \$1,000,000 revolving lines of credit with a bank. These lines are secured by substantially all assets of the Organization. The lines of credit bear interest at the bank's money market account rate plus 2.50% (the bank's money market account rate was 0.35% at March 31, 2021), subject to a floor of 3.50%, and at the Wall Street Journal Prime rate plus 0.75% (3.25%), respectively, and are due September 1, 2021. As of March 31, 2021 and 2020, there were no balances outstanding on these lines of credit.

6. Long-Term Debt

Long-term debt at March 31 consists of the following:

	<u>2021</u>	<u>2020</u>
Subsidy payable to a bank with a retention period of 15 years. If the Organization maintains a minimum of 42% occupancy with disabled individuals over a 15-year period in the Garland Thompson Men's Center, the subsidy will be forgiven. The disabled individuals must also meet certain low income thresholds.	\$ 450,000	\$ 450,000
Installment note payable to a corporation owned by a related party/board member, payable in monthly installments from \$3,000 to \$3,200, including interest at 4%, through March 2022 at which time the remaining unpaid balance becomes due. The note is collateralized by the deed of trust for certain real property and was utilized to acquire a building from the related party/board member.	35,740	71,922

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	<u>2021</u>	<u>2020</u>
Installment note payable to a bank, payable in monthly installments of \$1,745, including interest at 4.25%, collateralized by the mortgage and deed of trust for certain real properties and the security agreement listing all business assets of the Organization. This note was paid in full during 2021.	\$ -	\$ 179,883
Installment note payable to a bank, payable in monthly installments of \$913, including interest at 7.24%, collateralized by a certain vehicle. This note was paid in full during 2021.	-	<u>2,738</u>
Total Long-Term Debt	485,740	704,543
Less Current Portion	<u>35,740</u>	<u>52,288</u>
Long-Term Debt, Less Current Portion	<u>\$ 450,000</u>	<u>\$ 652,255</u>

The aggregate maturities of long-term debt for years ending after March 31, 2021 are as follows:

<u>Year Ending March 31,</u>	
2022	\$ 35,740
2026	<u>450,000</u>
	<u>\$ 485,740</u>

7. Deferred Compensation Payable

The Organization has a deferred compensation agreement with a current employee of the Organization. The current employee will be paid \$60,000 in five equal installments of approximately \$12,000 starting in January 2016. The present value of the deferred compensation arrangement was \$0 and \$8,769 at March 31, 2021 and 2020, respectively.

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Notes to Financial Statements

March 31, 2021 and 2020

8. Restrictions and Limitations on Net Asset Balances

Net assets with donor restrictions that are temporary in nature at March 31 consists of the following:

	<u>2020</u>	<u>Additions</u>	<u>Releases</u>	<u>2021</u>
Beat the Heat Program	\$ 4,517	\$ 603	\$ (1,989)	\$ 3,131
Health Insurance Trust Account	50,069	296,866	(305,282)	41,653
Lydia House Building Construction by HTH of the Metro, LLC (in Other Current Assets)	6,587	-	(56)	6,531
Lydia House Diaper Drive and Baby Formula	185	-	-	185
Mustard Seed Program	453	7,000	-	7,453
2911 Program	4,115	-	(4,115)	-
Dental Equipment	4,047	-	-	4,047
AED Machine	800	-	(800)	-
Baby Shower	613	-	-	613
Housing Problem Solving/Rent	-	375,000	(341,143)	33,857
Diaper Drive	-	12,745	-	12,745
Food Delivery Truck	-	1,800	-	1,800
Bariatric Wheelchair	-	1,000	-	1,000
Omaha Streets Program	-	200	-	200
Receiving Department Equipment	-	20,000	(19,875)	125
	<u>\$ 71,386</u>	<u>\$ 715,214</u>	<u>\$ (673,260)</u>	<u>\$ 113,340</u>

	<u>2019</u>	<u>Additions</u>	<u>Releases</u>	<u>2020</u>
Beat the Heat Program	\$ 9,285	\$ -	\$ (4,768)	\$ 4,517
Health Insurance Trust Account	55,000	285,577	(290,508)	50,069
Lydia House Building Construction by HTH of the Metro, LLC (in Other Current Assets)	7,980	-	(1,393)	6,587
Lydia House Diaper Drive and Baby Formula	185	-	-	185
Mustard Seed Program	399	2,750	(2,696)	453
2911 Program	4,115	-	-	4,115
Dental Equipment	4,047	-	-	4,047
AED Machine	-	800	-	800
Baby Shower	-	725	(112)	613
	<u>\$ 81,011</u>	<u>\$ 289,852</u>	<u>\$ (299,477)</u>	<u>\$ 71,386</u>

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Notes to Financial Statements

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9. Retirement Plan

The Organization has a safe harbor 401(k) plan that provides for the Organization to contribute dollar for dollar up to 4% of each participant's eligible compensation. Eligible employees were those who have over a year of service (worked more than 1,000 hours a year) and have attained the age of twenty and one half. The participants are allowed to make pre-tax and Roth after-tax deferred contributions, through salary reduction, to the plan.

Contributions of \$154,459 and \$135,060 were made for the years ended March 31, 2021 and 2020, respectively.

10. Related Parties

The Organization is related to Help The Homeless Inc., (HTH) a Nebraska non-profit corporation qualified under the Internal Revenue Code as a 501(c)(3). The HTH Board of Directors is the same as the Organization. HTH has formed a Nebraska Limited Liability Company, Help The Homeless of the Metro Limited Liability Company (HTH LLC), in which HTH serves as the Managing Member and currently has a minority equity position.

In fiscal year 2021, the Organization completed the eleventh year of a 17-year lease agreement with HTH LLC to operate its building as a qualified low income housing project. The lease agreement requires the Organization to pay normal rent and all operating expenses and maintenance costs for the building during the lease period. The Organization has guaranteed all HTH obligations and operates the property as a qualified low income housing project.

As of March 31, 2021 and 2020, the Organization holds an unsecured promissory note receivable in the amount of \$2,368,321 from HTH LLC for cash advances provided in constructing the Lydia House. This note calls for interest-only payments at 3% compounded through April 2027 at which time all unpaid principal and interest is due.

During fiscal years 2021 and 2020, as Managing Member of HTH LLC, HTH has operated the Lydia House building as "qualified low income housing project" in adherence with the rules and regulation set forth in Section 42 of the Internal Revenue Code.

HTH formed a Nebraska Limited Liability Company, Rebuilding Lives, L.L.C. (RL LLC) in which HTH serves as the Managing Member and currently has a minority equity position. On July 29, 2011, the Organization loaned HTH \$100,000, which is memorialized by an unsecured promissory note for said amount calling for interest-only payments at 3% compounded through July 29, 2028, at which time all unpaid principal and interest is due. As Managing Member of RL LLC, HTH agreed to operate its building as a "qualified low income housing project" in adherence with the rules and regulations set forth in Section 42 of the Internal Revenue Code for a period of no less than 15 years. The Organization had advances due from RL LLC of \$100,000 as of March 31, 2021 and 2020.

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The Organization entered into a 17-year lease agreement with RL, LLC to operate the building as a qualified low income housing project. The lease agreement requires the Organization to pay normal rent and all operating expenses and maintenance costs for the building during the lease period. The Organization has guaranteed all HTH obligations and all the obligations of operating it as a qualified low income housing project.

Help the Homeless, Inc. has formed a Nebraska Limited Liability Company, GTMC, LLC, in which HTH serves as the Managing Member and currently has a minority equity position. GTMC, LLC constructed a three story building that provides 96 single resident occupant units for transitional and permanent supportive housing for men. The total construction cost at completion was \$5,847,541 as of March 31, 2013. The Organization has made advances of \$335,253 as of March 31, 2021 and 2020 to GTMC, LLC. These advances are accruing interest at 3% compounded through to repayment.

In fiscal year 2013, the Organization entered into a 17-year lease agreement with GTMC, LLC to operate the building as a qualified low income housing project. The lease agreement requires the Organization to pay normal rent and all operating expenses and maintenance costs for the building during the lease period.

In fiscal year 2014, the Organization purchased a \$250,000 property from a corporation owned by a related party/board member. A \$245,000 promissory note payable to the corporation owned by a related party/board member was entered into to finance the purchase (see Note 6).

11. Commitments and Contingencies

Lease Obligations

The Organization has entered into various operating leases for office equipment and certain premises used by the Organization. Certain operating leases in place at March 31, 2021 are with related parties HTH LLC, RL LLC, and GTMC, LLC. The future minimum lease payments under these noncancelable operating leases as of March 31, 2021 are as follows:

<u>Year Ending March 31,</u>	
2022	\$ 517,379
2023	532,057
2024	547,171
2025	513,916
2026	509,269
Thereafter	<u>1,160,477</u>
	<u>\$ 3,780,269</u>

Lease expense under these operating leases was approximately \$519,000 and \$493,000 for the years ended March 31, 2021 and 2020, respectively.

Employment Agreements

The Organization has entered into employment agreements with two members of management. These agreements provide for minimum annual salaries with adjustments available to reflect changes in the cost of living. In addition, they provide for bonus payments and the terms of future termination of employment.

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Self-Insured Health Insurance

The Organization is self-insured under its employee group health insurance program. In connection therewith, excess loss insurance coverage is maintained by the Organization.

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