WILLIAMS
& OLDS
Certified Public Accountants

AUDITED FINANCIAL STATEMENTS
AND COMPLIANCE REPORTS

OPENING DOORS, INC.

December 31, 2018 and 2017

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A Professional Corporation

OPENING DOORS, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Opening Doors, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Opening Doors, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 auditor's judgment, including the assessment of the risk 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Opening Doors, Inc. as of December 31, 2018 and 2017, 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.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019, on our consideration of Opening Doors, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Opening Doors, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Opening Doors, Inc.'s internal control over financial reporting and compliance.

Williams & Olds

Sacramento, California
November 8, 2019

OPENING DOORS, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 478,949	$ 357,272
Grants and program receivables	481,743	518,997
Client loans receivable, current portion	299,642	320,854
Prepaid expenses and deposits	20,190	25,610
TOTAL CURRENT ASSETS	1,280,524	1,222,733
NON-CURRENT ASSETS		
Restricted cash and loan loss reserves	296,149	216,765
Property and equipment, net	11,720	12,509
Client loans receivable, non-current portion	376,647	465,897
TOTAL NON-CURRENT ASSETS	684,516	695,171
TOTAL ASSETS	$ 1,965,040	$ 1,917,904
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 48,024	$ 52,278
Accrued expenses	136,649	119,488
Notes payable, current portion	73,350	47,100
Deferred revenue	8,155	16,179
TOTAL CURRENT LIABILITIES	266,178	235,045
NON-CURRENT LIABILITIES		
Notes payable, non-current portion	325,283	301,758
TOTAL NON-CURRENT LIABILITIES	325,283	301,758
COMMITMENTS	-	-
NET ASSETS		
Without donor restrictions	1,085,118	1,262,200
With donor restrictions	288,461	118,901
	1,373,579	1,381,101
TOTAL LIABILITIES AND NET ASSETS	$ 1,965,040	$ 1,917,904

See accompanying notes to the financial statements.

OPENING DOORS, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Federal grants	$ 1,376,974	$ 439,451	$ 1,816,425	$ 2,653,323	$ 224,087	$ 2,877,410
State grants	427,817	-	427,817	81,214		81,214
Foundation and other grants	469,693	-	469,693	643,210	-	643,210
Contributions	107,819	47,294	155,113	204,062	37,230	241,292
Program fees	116,317	-	116,317	10,324	-	10,324
In-kind contributions	79,349	-	79,349	83,836	-	83,836
Loan fees and interest	61,325	-	61,325	60,835	-	60,835
Special events, net of direct expenses of $14,115 in 2018 and $3,382 in 2017	43,919	-	43,919	32,730	-	32,730
Rental income	5,542	-	5,542	-	-	-
Other	2,921	-	2,921	12,617	-	12,617
Net assets released from restrictions	317,185	(317,185)	-	357,442	(357,442)	-
TOTAL SUPPORT AND REVENUE	3,008,861	169,560	3,178,421	4,139,593	(96,125)	4,043,468
EXPENSES						
Program services	2,880,989	-	2,880,989	3,594,391	-	3,594,391
General and administrative	246,747	-	246,747	227,146	-	227,146
Fundraising	58,207	-	58,207	22,895	-	22,895
TOTAL EXPENSES	3,185,943	-	3,185,943	3,844,432	-	3,844,432
CHANGE IN NET ASSETS	(177,082)	169,560	(7,522)	295,161	(96,125)	199,036
NET ASSETS AT BEGINNING OF YEAR	1,262,200	118,901	1,381,101	967,039	215,026	1,182,065
NET ASSETS AT END OF YEAR	$ 1,085,118	$ 288,461	$ 1,373,579	$ 1,262,200	$ 118,901	$ 1,381,101

See accompanying notes to the financial statements.

OPENING DOORS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	Program Services									
	Microenterprise	Financial Capabilities	Immigration Legal Services	Survivors of Trafficking	Refugee Resettlement	Other Programs	Total	General and Administrative	Fundraising	Total
Salaries	$ 249,752	$ 27,244	$ 174,404	$ 177,023	$ 519,446	$ 86,132	$ 1,234,001	$ 71,923	$ 35,492	$ 1,341,416
Payroll taxes	21,643	2,314	14,088	15,639	46,564	6,596	106,844	10,070	4,969	121,883
Employee benefits	26,529	1,386	14,793	16,964	51,437	4,290	115,399	34,487	17,018	166,904
Total salaries and related costs	297,924	30,944	203,285	209,626	617,447	97,018	1,456,244	116,480	57,479	1,630,203
Client expenses	7	-	28,270	211,287	532,259	11,425	783,248	3,334	103	786,685
Contract services	47,893	-	103,020	100,908	945	2,025	254,791	468	-	255,259
Direct program expenses	53,158	1,701	9,713	5,990	12,158	899	83,619	9,958	-	93,577
Occupancy	21,529	-	14,933	15,981	43,122	1,791	97,356	6,586	-	103,942
Donated goods	-	-	-	-	-	-	-	69,898	-	69,898
Supplies	3,778	35	7,373	6,982	10,068	3,513	31,749	1,623	-	33,372
Outreach	5,629	420	4,986	4,919	26,002	49	42,005	6,749	22	48,776
Small equipment costs	4,185	-	5,656	2,625	8,802	267	21,535	2,314	-	23,849
Professional services	4,027	46	5,825	2,677	10,377	1,285	24,237	10,855	-	35,092
Telephone and internet	2,558	-	2,589	2,360	6,133	32	13,672	1,426	-	15,098
Insurance	2,639	-	1,135	1,809	5,644	-	11,227	742	-	11,969
Donated services	-	-	-	-	-	-	-	9,451	-	9,451
Printing and postage	843	68	1,728	659	1,886	40	5,224	807	-	6,031
Depreciation	766	-	751	753	1,809	33	4,112	677	-	4,789
Loan (recoveries) bad debts	19,888	-	-	-	-	-	19,888	-	-	19,888
Meetings and conferences	38	47	1,539	20	1,917	-	3,561	1,342	-	4,903
Travel	6,158	-	4,166	338	443	-	11,105	184	-	11,289
Dues and subscriptions	127	-	35	45	130	-	337	13	-	350
Miscellaneous	10,166	60	1,536	1,649	3,493	175	17,079	3,840	603	21,522
	$ 481,313	$ 33,321	$ 396,540	$ 568,628	$ 1,282,635	$ 118,552	$ 2,880,989	$ 246,747	$ 58,207	$ 3,185,943

See accompanying notes to the financial statements.

OPENING DOORS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2017

	Program Services									
	Microenterprise	Financial Capabilities	Immigration Legal Services	Survivors of Trafficking	Refugee Resettlement	Other Programs	Total	General and Administrative	Fundraising	Total
Salaries	$ 189,586	$ 74,885	$ 39,318	$ 208,897	$ 647,269	$ -	$ 1,159,955	$ 149,688	$ 19,313	$ 1,328,956
Payroll taxes	17,500	7,198	3,486	19,533	58,909	-	106,626	13,906	1,794	122,326
Employee benefits	15,700	8,729	3,041	18,294	56,982	-	102,746	13,861	1,788	118,395
Total salaries and related costs	222,786	90,812	45,845	246,724	763,160	-	1,369,327	177,455	22,895	1,569,677
Client expenses	20,837	2	16,230	300,583	1,242,231	-	1,579,883	(1,150)	-	1,578,733
Contract services	71,490	8,891	4,335	134,296	-	-	219,012	3,388	-	222,400
Direct program expenses	37,266	17,776	3,312	4,828	30,252	-	93,434	2,659	-	96,093
Occupancy	12,331	4,403	1,673	12,181	47,904	-	78,492	3,493	-	81,985
Donated goods	-	-	-	-	67,820	-	67,820	4,253	-	72,073
Supplies	13,437	1,494	1,094	3,662	32,170	-	51,857	2,839	-	54,696
Outreach	2,849	909	253	5,711	26,653	-	36,375	(279)	-	36,096
Small equipment costs	5,678	1,113	775	3,846	14,432	-	25,844	99	-	25,943
Professional services	2,839	1,129	481	2,285	8,476	-	15,210	1,576	-	16,786
Telephone and internet	2,932	1,015	432	2,312	8,268	-	14,959	133	-	15,092
Insurance	2,112	789	298	1,842	6,630	-	11,671	1,207	-	12,878
Donated services	-	-	43	-	-	-	43	11,763	-	11,806
Printing and postage	1,865	621	680	1,163	3,914	-	8,243	141	-	8,384
Depreciation	1,195	445	165	1,012	3,642	-	6,459	(20)	-	6,439
Loan (recoveries) bad debts	(4,381)	-	-	-	-	-	(4,381)	9,623	-	5,242
Meetings and conferences	1,221	186	42	425	1,484	-	3,358	1,628	-	4,986
Travel	574	31	52	1,549	2,825	-	5,031	(3,035)	-	1,996
Miscellaneous	5,955	386	327	953	4,133	-	11,754	11,373	-	23,127
	$ 400,986	$ 130,002	$ 76,037	$ 723,372	$ 2,263,994	$ -	$ 3,594,391	$ 227,146	$ 22,895	$ 3,844,432

See accompanying notes to the financial statements.

OPENING DOORS, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (7,522)	$ 199,036
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,789	6,439
Bad debt expense	19,888	5,242
Changes in operating assets and liabilities:		
Grants and program receivables	37,254	167,326
Client loans receivable	(22,868)	(67,077)
Prepaid expenses and deposits	5,420	(12,152)
Accounts payable	(4,254)	(15,032)
Accrued expenses	17,161	19,190
Deferred revenue	(8,024)	(27,645)
NET CASH PROVIDED BY OPERATING ACTIVITIES	41,844	275,327
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans made	(293,235)	(536,635)
Collections on loans	406,677	342,769
Change in restricted funds	(79,384)	168,514
Purchases of property and equipment	(4,000)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	30,058	(25,352)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(60,225)	(42,100)
Proceeds from notes payable	110,000	100,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	49,775	57,900
NET INCREASE IN CASH	121,677	307,875
CASH AT BEGINNING OF YEAR	357,272	49,397
CASH AT END OF YEAR	$ 478,949	$ 357,272

SUPPLEMENTAL INFORMATION:

No cash was paid for interest or income taxes during the years ended December 31, 2018 and 2017.

OPENING DOORS, INC.

NOTES TO FINANICAL STATEMENTS

NOTE A - ORGANIZATION

Opening Doors, Inc. (the Agency) empowers newly-arrived immigrants and American-born Sacramento area residents to thrive in the social and economic mainstream. The Agency accomplishes this by cultivating personal capabilities, entrepreneurial skills and social networks that contribute to the well-being of their families and neighborhoods, and entire community.

The Agency began in 1993 as a small refugee resettlement agency called the Sacramento Refugee Ministry, which was sponsored by the Interfaith Service Bureau. Refugees arrived in the Sacramento area from the former Soviet Union, Southeast Asia and elsewhere to begin new lives. When many of the refugees needed help with starting businesses in order to become self-sufficient, the Microenterprise Assistance Program was started and grew to serve Hispanic immigrants and U.S. citizens.

In 2003, the Agency incorporated as a 501(c)(3) nonprofit organization. In 2004 the Agency became a Community Development Financial Institution (CDFI). The business microloan program grew and began offering tools and training for those attempting to assert more control over their personal finances. The Agency primarily aids incoming refugees and recently freed survivors of human trafficking to secure safe living places, meet basic needs, and develop the capacity for self-sustainability. It also provides low-cost immigration legal services, especially for those subjected to human trafficking and domestic violence.

The Agency's current programs include:

Microenterprise Program – Assistance for entrepreneurs to start or improve small businesses through business technical assistance, training and business microloans. This program was originally funded almost exclusively by the Office of Refugee Resettlement but in recent years has diversified its funding to include other Federal and non-Federal sources including an increasing number of financial institutions.

Financial Capabilities Program – Individuals and families are counseled on how to improve their financial situations through better use of the U.S. financial system, budgeting, saving and by identifying and working towards financial goals. Individuals interested in starting or improving businesses can participate in business classes and workshops.

Immigration Legal Services – Pro bono comprehensive immigration legal services that include assistance with items such as naturalization, deportation defense, DACA, and unaccompanied minors. This program is primarily supported by grants from the State of California.

Survivors of Trafficking Program – Community outreach, education and technical assistance is provided by the Agency in order to increase the number of human trafficking victims being identified and freed. The Agency also provides case management to newly-freed survivors and their families, assisting them with obtaining housing, medical assistance, English language training, psychological counseling, legal assistance and other needs. This program is funded by a combination of State of California and Federal grants.

Refugee Resettlement Program – Assistance to newly arriving refugees in obtaining housing, health care assistance, English language training, and help with job placement. With support from volunteers, refugees are transitioned to a safe and healthy life in the Sacramento area community.

NOTE A – ORGANIZATION - Continued

Refugee Family Child Care Microenterprise Development Program – Provides opportunities to refugee women to become licensed childcare providers so they may qualify for county childcare reimbursement and become successful, independent entrepreneurs. The Agency partners with Child Action, Inc. to offer training, licensing assistance, and startup funding. Women receive instruction on the following topics: Micro-Enterprise Training Business Management, Health & Safety, Child Development, and Professionalism in Family Child Care. Classes are taught in English, Dari, Russian, Spanish, and Arabic. Upon completion, clients will be eligible to apply for a grant through the Agency of up to $1,500 to help allay start-up and material costs.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The financial statements of the Agency have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Agency to report information regarding its financial position and activities according to the following net asset classifications:

> **Net assets without donor restrictions**: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Agency's management and the board of directors.
>
> **Net assets with donor restrictions**: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.
>
> Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of Operations: The Statements of Activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Agency's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature. There were no nonoperating activities during 2018 and 2017.

Cash and Cash Equivalents: Cash and cash equivalents consist of cash instruments with maturities of three months or less at the time of purchase.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Grants and Contracts: Grants receivable represent expenditures for which reimbursement has been requested but not yet received. Grant revenue is recognized when services are performed and related reimbursable expenses are incurred, in accordance with the terms of applicable grant awards. The Agency considers grants and contracts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. If amounts become uncollectible, they will be charged to operations when that determination is made.

Client Loans Receivable: Client loans consist of amounts loaned to individuals through the Prosperity Project. The maximum term on notes receivable is five years and interest is charged at rates ranging from 7.5% to 8.5%. Loan fees and interest are recognized when earned.

Restricted Cash and Loan Loss Reserves: Restricted funds includes amounts received from grantors available for client loans, loan loss reserves, and funds in attorney trust accounts related to the Immigration Legal Services Program. The SBA program requires that a percentage of the principal balance of client loans be placed in a restricted account for covering future losses. The California Pollution Control Financing Authority California Capital Access Program (CalCAP) requires a percentage of loans enrolled in its program be placed in a restricted account for covering future losses. The balances in the CalCap loan loss reserve accounts at December 31, 2018 and 2017 totaled $ 42,122 and $ 35,062, respectively.

Property and Equipment: Property and equipment in excess of $1,000 is stated at cost or at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for maintenance and repairs are charged to expense as incurred.

Fair Value Measurements: Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value, whereby level 1 uses quoted prices and active markets for identical assets or liabilities when determining fair market value; level 2 uses non active quoted prices for similar assets and liabilities that can be corroborated with market data; and level 3 uses unobservable information with little or no market data. The Agency utilizes the active market approach (level 1) to measure fair value for its financial assets and liabilities.

Investments: The Agency carries investments in marketable securities at their fair values in the Statement of Financial Position. Purchases and sales of securities are reflected on a trade-date basis. Unrealized and realized gains and losses are included in the accompanying Statement of Activities. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date. Investment income and gains restricted by a donor are reported as increases or decrease in net assets with or without donor restrictions depending on the nature of the restrictions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition: Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. The Agency reports all restricted contributions that are spent in the same year as contributions without donor restrictions in the statement of activities.

In-kind Contributions: In-kind contributions are recognized as public support and as a corresponding asset or expense at the estimated fair value on the date donated. Such donations are not recognized if there is an uncertainty about the existence of value or stipulations about ownership of assets. Donated services are not recognized in the financial statements unless the services either create or enhance a nonfinancial asset or are specialized skills that would be purchased if they were not donated. A number of volunteers have donated significant amounts of their time to the Agency's administrative and program services during the year, however, these donated services are not reflected in the financial statements since these services are not professional in nature, and, as such, do not meet the criteria for recognition as contributed services.

During the years ended December 31, the Agency recorded the following in-kind contributions:

	2018	2017
Services	$ 9,451	$ 11,763
Goods	69,898	72,073
	$ 79,349	$ 83,836

Income Taxes: The Agency is exempt from federal and state income taxes under IRC Section 501(c)(3) and Section 23701(d) of the California Revenue and Tax Code. Accordingly, no provision for income taxes has been made.

Uncertainty in Income Taxes: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Agency to report information regarding its exposure to various tax positions taken by the Agency. The Agency has determined whether any tax positions have met the recognition threshold and have measured the exposure to those tax positions. Management believes that the Agency has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Agency are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying consolidated financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Costs: The costs of providing programs and other activities have been summarized on a functional basis in the Statements of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Such allocations are determined by management on an equitable basis. The Agency allocates indirect expenses among programs and administrative services on a basis proportionate to the direct staff time or other method which best measures the relative degree of benefit. The expenses that are allocated include payroll, taxes and benefits, which are allocated on the basis of estimates of time and effort.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications: Certain prior year amounts have been reclassified to confirm to the current year presentation.

New Accounting Pronouncement: On August 18, 2016, the FASB issued ASU 2016-14 Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Agency has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2018	2017
Furniture and fixtures	$ 15,274	$ 11,274
Equipment	42,153	42,153
	57,427	53,427
Less accumulated depreciation	(45,707)	(40,918)
	$ 11,720	$ 12,509

NOTE D – NOTES PAYABLE

The Agency has two loans payable to the U.S. Small Business Administration (SBA) with zero interest, as long as the proceeds go toward making micro loans. The notes have maturity dates of May 23, 2022 and May 19, 2026. Principal only payments were $3,925. Effective July 2018, principal payments increased to $6,113 due to additional loan of $110,000 made in June 2018. As of December 31, 2018 and 2017, $398,633 and $348,858, respectively, was outstanding under these loans. These loans are secured by the security interest in all funds held in the microloan revolving funds and loan loss reserve funds, and microloan notes made.

Scheduled annual principal payments are as follows:

2019	$	73,350
2020		73,350
2021		73,350
2022		51,708
2023		36,250
Thereafter		90,625
	$	398,633

NOTE E - NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

		2018		2017
Subject to the Passage of Time or Expenditure for Specified Purpose:				
Micro lending	$	245,872	$	103,770
Loan programs		37,589		-
Women's literacy		5,000		-
Attorney client trust funds		-		15,131
Total Subject to the Passage of Time or Expenditure for Specified Purpose		288,461		118,901
Total net assets with donor restrictions	$	288,461	$	118,901

NOTE E - NET ASSETS - Continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors:

	2018	2017
Purpose Restrictions Accomplished:		
Micro lending	$ 297,349	$ 310,807
Attorney client trust funds	19,836	28,235
Refugee programs	-	2,305
Survivors of trafficking	-	1,195
100+ Women	-	9,900
Loan program	-	5,000
Total restrictions released	$ 317,185	$ 357,442

NOTE F - COMMITMENTS

The Agency leases office space under the term of an operating lease that expires in November 2022. Future minimum lease payments as follows at December 31:

2019	$ 119,202
2020	122,775
2021	126,456
2022	119,208
	$ 487,641

Rent expense under this lease for the years ended December 31, 2018 and 2017, amounted to $96,642 and $73,641, respectively.

NOTE G - CONCENTRATION OF CREDIT AND MARKET RISK

Concentration of Grants: For the years ended December 31, 2018 and 2017, approximately 51% and 68%, respectively, of the funding for the Agency's programs was provided from grants through the U.S. Department of State and U.S. Department of Health and Human Services.

The Agency receives a significant portion of its revenue from various government agencies for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, management believes that any required reimbursements will not be material. However, if a significant reduction in funding from these government agencies occurred, the Agency's ability to maintain and operate its programs would be impaired.

OPENING DOORS, INC.

NOTES TO FINANICAL STATEMENTS

NOTE G - CONCENTRATION OF CREDIT AND MARKET RISK - Continued

Concentration of Credit Risk: The Agency maintains its cash in bank accounts which, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. Accounts at each financial institution are insured by the FDIC up to $250,000. The Agency has not experienced losses in any of these accounts and management believes it is not exposed to any significant credit risk related to these accounts.

NOTE H – AVAILABILITY AND LIQUIDITY

The following represents the Agency's financial assets at December 31, 2018 and 2017:

	2018	2017
Financial assets at year end:		
Cash and cash equivalents	$ 478,949	$ 357,272
Grants and program receivable	481,743	518,997
Client loans receivable	676,289	786,751
Restricted cash and loan loss reserves	296,149	216,765
Total financial assets	1,933,130	1,879,785
Less amounts not available to be used within one year:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restriction	$ 288,461	$ 118,901
Deferred revenue	8,155	16,179
Restricted cash and loan loss reserves	296,149	216,765
Client loans receivable, non-current portion	376,647	465,897
	969,412	817,742
Financial assets available to meet general expenditures within one year	$ 963,718	$ 880,237

The Agency's goal is generally to maintain financial assets to meet 90 days of operating expenses.

NOTE I – SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 8, 2019, the date on which the financial statements were available to be issued.

COMPLIANCE REPORTS

OPENING DOORS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2018

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number		Expenditures
U.S. Department of State			
Passed through Church World Services			
U.S. Refugee Admissions Program	19.510	$	1,271,925
U.S. Department of Health and Human Services			
Refugee and Entrant Assistance Discretionary Grants	93.576		328,489
Services to Victims of a Severe Form of Trafficking	93.598		55,450
U.S. Small Business Administration			
Microloan Program	59.046		111,387
U.S. Department of Homeland Security			
Citizenship Instruction and Legal Services	97.010		24,655
Passed through Cal OES, Governor's Office of Emergency Services			
Homeland Security Grant Program	97.067		17,809
TOTAL EXPENDITURES OF FEDERAL AWARDS		$	1,809,715

OPENING DOORS, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the Federal activity of Opening Doors, Inc. under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Opening Doors, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Opening Doors, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

Opening Doors, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

WILLIAMS & OLDS
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Opening Doors, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Opening Doors, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Opening Doors Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Opening Doors Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Opening Doors Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Opening Doors Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-002, 2018-003, and 2018-004.

Opening Door, Inc.'s Response to Findings

Opening Door, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Opening Door, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williams & Olds

Sacramento, California
November 8, 2019

WILLIAMS
& OLDS
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Opening Doors, Inc.

Report on Compliance for Each Major Federal Program

We have audited Opening Doors Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Opening Doors, Inc.'s major federal programs for the year ended December 31, 2018. Opening Doors Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Opening Doors Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Opening Doors Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Opening Doors Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Opening Doors, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-004. Our opinion on each major federal program is not modified with respect to these matters.

Opening Door, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Opening Door, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Opening Doors, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Opening Doors Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Opening Doors Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Williams & Olds

Sacramento, California
November 8, 2019

OPENING DOORS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report:	Unmodified	
Internal control over financial reporting:		
Material weakness identified?	_X_ yes	____ no
Significant deficiency(ies) identified not considered to be material weakness?	_X_ yes	____ none reported
Noncompliance material to financial statements noted?	____ yes	_X_ no

Federal Award

Internal control over major programs:		
Material weakness identified?	_X_ yes	____ no
Significant deficiency(ies) identified not considered to be material weakness?	____ yes	_X_ none reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)	_X_ yes	____ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
19.510	U.S. Refugee Admissions Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	____ yes	_X_ no

CURRENT YEAR FINDINGS

Section II - Financial Statement Findings

Finding 2018-001

Preparation of Financial Statements, Preparation of Schedule of Expenditures of Federal Awards and Material Audit Adjustments
Material Weakness

Criteria and Condition: Proper controls over financial reporting include the ability to prepare financial statements and accompanying notes to the financial statements and schedule of expenditures of federal awards (SEFA) that are materially correct and include all required disclosures. The Organization does not have an internal control system designed to provide for the preparation of the full financial statements and schedule of expenditures of federal awards being audited. We proposed audit adjustments and reclassifications that would not have been identified as a result of the Organization's existing internal controls. In addition, client proposed material adjustments and reclassifications throughout fieldwork. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements and the SEFA.

Cause and Effect: The Organization has limited staff to prepare full disclosure financial statements and the SEFA. There is a reasonable possibility that the Organization would not be able to draft the financial statements and accompanying notes to the financial statements and schedule of expenditures of federal awards that are correct without the assistance of the auditors.

Recommendation: While we recognize that this condition is not unusual for an organization with limited staffing, it is important that the Organization is aware of this condition for financial reporting purposes. Management and the board of directors should continually be aware of the financial accounting and reporting of the Organization and changes in the accounting and reporting requirements.

View of Responsible Officials: In 2018, Opening Doors had turnover in administrative and finance staff which resulted in reduced ability to prepare regular financial statements and schedules of expenditures of federal awards. In 2019, the organization hired new staff, increasing the finance and accounting staff from 1.4 FTE to 2 FTE and continued outside consulting support. Additionally, staff regularly prepare financial statements and share these statements with the Board of Directors.

Finding 2018-002

Unreconciled Bank Accounts
Material Weakness

Criteria and Condition: All accounts should be reconciled, reviewed and agreed to the balance sheet on a monthly basis. During our audit, we noted five instances where the bank balances per reconciliation did not agree to the bank statement and/or the ending balance did not agree to the balance sheet.

Finding 2018-002 (Continued)

Cause and Effect: The Organization had turnovers and the accounts were left unreconciled for months. As a result, the Organization was exposed to an increased risk that misappropriations, whether due to error or fraud, may occur and not be prevented, detected and corrected, on a timely basis.

Recommendation: We recommend the Organization reconcile all accounts on a regular basis. The Organization should have a system in place to ensure that all accounts are properly reconciled and the reconciliations are reviewed and approved by an appropriate member of management.

View of Responsible Officials: All Opening Doors bank accounts are reconciled monthly and staff responsible for monthly reconciliations have been trained. In order to further minimize risk, staff and management have separated related duties. Bank statements are received and reviewed by management before they are shared with accounting staff. Bank reconciliations are reviewed monthly by a different staff person than the person responsible for completing the reconciliations.

Finding 2018-003

Limited Size of Office Staff/Segregation of Duties
Significant Deficiency

Criteria and Condition: In order to achieve a high level of internal control, the functions of executing transactions, recording transactions, and maintaining accountability for assets should be performed by different employees or be maintained under dual control. The Organization does not currently have an internal control system to allow for proper segregation of duties in certain areas of the accounting function.

Cause and Effect: The Organization has limited staff and cannot justify staffing the number of positions necessary to have proper segregation of duties across all areas. Inadequate segregation of duties could adversely affect the Organization's ability to detect and correct misstatements in a timely period by employees in the normal course of performing their assigned functions.

Recommendation: While we recognize that the Organization's office staff may not be large enough to assure optimal internal control, it is important that the Organization is aware of this condition. Under this condition, the most effective control is management and the board's oversight and knowledge of matters relating to the operations of the Organization.

View of Responsible Officials: By increasing the finance and accounting staff from 1.4 FTE to 2 FTE, Opening Doors has increased its ability to segregate accounting duties. A contract accountant was also retained to train and assist accounting staff during the transition. Additionally, staff provides regular finance and operations updates to the Board of Directors.

Section III - Federal Award Findings and Questioned Costs

Finding 2018-004

Department of State
CFDA 19.510
U.S. Refugee Admissions Program

Procurement, Suspension, and Debarment
Material Weakness in Internal Control Over Compliance

Criteria and Condition: The Organization has no documented internal controls for compliance with the procurement, suspension and debarment compliance requirement of Uniform Guidance. The Organization must establish and maintain effective internal control over federal awards that provides reasonable assurance that the Organization is managing the federal awards in compliance with federal statutes, regulations and terms and conditions of the federal award. Management is responsible for establishing procedures for procurement of equipment, real property, and other services funded by federal funds.

The procurement records and files for purchases in excess of the small purchase threshold shall include at the minimum:

1. Basis for contractor selection;
2. Justification for lack of competition when competitive bids are not obtained; and
3. Basis for award cost or price

In addition, award recipients must not utilize any vendor which is suspended or debarred or is otherwise excluded from the central contractor registry.

Cause and Effect: The Organization does not have a written policy related to procurement or established procedures in place related to suspension and debarment. Inadequate controls over this area of compliance result in an environment where it is reasonable possible that the Organization would not have the required documentation in place and would not be able to detect and correct noncompliance in a timely manner.

Questioned Costs: None reported.

Context: All vendors with expenditures in excess of $25,000 were selected for testing for suspension and debarment.

Recommendation: We recommend that implementing a system of internal controls over the procurement, suspension and debarment compliance requirements. We also recommend the Organization document the procurement procedures and policies that conform to federal law and procurement standards.

View of Responsible Officials: In 2019, management will develop and train staff on a procurement policy that is in compliance with the federal Uniform Guidance.

OPENING DOORS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued

For the Year Ended December 31, 2018

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

No prior year audit findings.