WILLIAMS
& OLDS
Certified Public Accountants

AUDITED FINANCIAL STATEMENTS
AND COMPLIANCE REPORTS

OPENING DOORS, INC.

December 31, 2019 and 2018

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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, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 June 23, 2020, 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
June 23, 2020

OPENING DOORS, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 702,247	$ 478,949
Grants and program receivables	624,145	481,743
Contract assets	201,732	-
Client loans receivable, current portion	280,322	299,642
Prepaid expenses and deposits	16,361	20,190
TOTAL CURRENT ASSETS	1,824,807	1,280,524
NON-CURRENT ASSETS		
Restricted cash and loan loss reserves	294,339	296,149
Property and equipment, net	7,450	11,720
Client loans receivable, non-current portion	353,419	376,647
TOTAL NON-CURRENT ASSETS	655,208	684,516
TOTAL ASSETS	$ 2,480,015	$ 1,965,040
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 93,573	$ 48,024
Accrued expenses	143,355	136,649
Notes payable, current portion	73,350	73,350
Contract liabilities	186,152	8,155
TOTAL CURRENT LIABILITIES	496,430	266,178
NON-CURRENT LIABILITIES		
Notes payable, non-current portion	251,933	325,283
TOTAL NON-CURRENT LIABILITIES	251,933	325,283
COMMITMENTS	-	-
NET ASSETS		
Without donor restrictions	1,563,607	1,085,118
With donor restrictions	168,045	288,461
	1,731,652	1,373,579
TOTAL LIABILITIES AND NET ASSETS	$ 2,480,015	$ 1,965,040

See accompanying notes to the financial statements.

OPENING DOORS, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Federal grants	$ 1,649,580	$ 125,418	$ 1,774,998	$ 1,376,974	$ 439,451	$ 1,816,425
State grants	1,037,476	-	1,037,476	427,817	-	427,817
Foundation and other grants	2,925	15,000	17,925	469,693	-	469,693
Contributions	91,484	29,035	120,519	107,819	47,294	155,113
Program fees	290,459	-	290,459	116,317	-	116,317
In-kind contributions	150,903	-	150,903	79,349	-	79,349
Loan fees and interest	55,978	-	55,978	61,325	-	61,325
Special events, net of direct expenses of $11,571 in 2019 and $14,115 in 2018	20,709	-	20,709	43,919	-	43,919
Rental income	10,800	-	10,800	5,542	-	5,542
Other	29,735	-	29,735	2,921	-	2,921
Net assets released from restrictions	289,869	(289,869)	-	317,185	(317,185)	-
TOTAL SUPPORT AND REVENUE	3,629,918	(120,416)	3,509,502	3,008,861	169,560	3,178,421
EXPENSES						
Program services	2,955,627	-	2,955,627	2,880,989	-	2,880,989
General and administrative	172,146	-	172,146	246,747	-	246,747
Fundraising	23,656	-	23,656	58,207	-	58,207
TOTAL EXPENSES	3,151,429	-	3,151,429	3,185,943	-	3,185,943
CHANGE IN NET ASSETS	478,489	(120,416)	358,073	(177,082)	169,560	(7,522)
NET ASSETS AT BEGINNING OF YEAR	1,085,118	288,461	1,373,579	1,262,200	118,901	1,381,101
NET ASSETS AT END OF YEAR	$ 1,563,607	$ 168,045	$ 1,731,652	$ 1,085,118	$ 288,461	$ 1,373,579

See accompanying notes to the financial statements.

OPENING DOORS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	Program Services								
	Microenterprise	Immigration Legal Services	Survivors of Trafficking	Refugee Resettlement	Other Programs	Total	General and Administrative	Fundraising	Total
Salaries	$ 174,293	$ 266,627	$ 181,163	$ 365,930	$ 132,992	$ 1,121,005	$ 54,371	$ 20,313	$ 1,195,689
Payroll taxes	15,231	22,802	15,249	31,579	11,042	95,903	5,656	1,801	103,360
Employee benefits	3,217	11,599	12,759	17,693	8,822	54,090	4,981	30	59,101
Total salaries and related costs	192,741	301,028	209,171	415,202	152,856	1,270,998	65,008	22,144	1,358,150
Client expenses	-	3,018	161,495	709,849	581	874,943	4,948	-	879,891
Contract services	-	187,152	88,570	-	4,515	280,237	-	-	280,237
Loan administration	26,163	-	-	-	-	26,163	-	-	26,163
Other direct program expenses	402	306	21	1,471	128	2,328	1,412	-	3,740
Occupancy	15,657	26,703	9,763	67,612	4,255	123,990	1,659	-	125,649
Donated goods	-	-	-	47,654	-	47,654	-	-	47,654
Supplies	955	4,859	1,207	5,876	1,076	13,973	190	-	14,163
Outreach	1,904	1,745	1,294	18,475	659	24,077	124	-	24,201
Small equipment costs	1,686	5,936	1,227	10,454	1,097	20,400	381	-	20,781
Professional services	12,538	1,067	587	29,780	6,619	50,591	82,279	-	132,870
Telephone and internet	2,269	2,265	2,538	9,580	466	17,118	642	-	17,760
Insurance	1,892	7,098	2,704	6,788	376	18,858	-	-	18,858
Donated services	-	85,863	-	3,707	-	89,570	5,500	-	95,070
Printing and postage	599	7,494	962	3,351	242	12,648	240	146	13,034
Depreciation	185	574	-	3,776	140	4,675	172	-	4,847
Loan (recoveries) bad debts	40,699	-	-	-	-	40,699	-	-	40,699
Meetings and conferences	-	618	4	30	-	652	225	-	877
Travel	1,329	1,546	770	2,423	646	6,714	640	-	7,354
Staff related costs	1,173	547	348	9,429	9	11,506	3,006	-	14,512
Dues and subscriptions	1,465	1,592	-	890	29	3,976	960	1,227	6,163
Miscellaneous	1,855	2,192	786	8,084	940	13,857	4,760	139	18,756
	$ 303,512	$ 641,603	$ 481,447	$ 1,354,431	$ 174,634	$ 2,955,627	$ 172,146	$ 23,656	$ 3,151,429

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
tal 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

OPENING DOORS, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 358,073	$ (7,522)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	4,847	4,789
Bad debt expense	40,699	19,888
Changes in operating assets and liabilities:		
Grants and program receivables	(142,402)	37,254
Contract assets	(201,732)	-
Client loans receivable	(18,247)	(22,868)
Prepaid expenses and deposits	3,829	5,420
Accounts payable	45,549	(4,254)
Accrued expenses	6,706	17,161
Contract liabilities	177,997	(8,024)
NET CASH PROVIDED BY OPERATING ACTIVITIES	275,319	41,844
CASH FLOWS FROM INVESTING ACTIVITIES		
Client loans made	(381,567)	(293,235)
Collections on client loans	401,663	406,677
Purchases of property and equipment	(577)	(4,000)
NET CASH PROVIDED BY INVESTING ACTIVITIES	19,519	109,442
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes payable	(73,350)	(60,225)
Proceeds from notes payable	-	110,000
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(73,350)	49,775
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	221,488	201,061
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	775,098	574,037
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	$ 996,586	$ 775,098

SUPPLEMENTAL INFORMATION:

No cash was paid for interest or income taxes during the years ended December 31, 2019 and 2018.

	2019	2018
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH BALANCES:		
Cash and cash equivalents	$ 702,247	$ 478,949
Restricted cash and loan loss reserves	294,339	296,149
Total cash, cash equivalents, and restricted cash	$ 996,586	$ 775,098

See accompanying notes to the financial statements.

OPENING DOORS, INC.

NOTES TO FINANICAL STATEMENTS

NOTE A – ORGANIZATION

Opening Doors, Inc. (the Agency) supports newcomers – refugees, immigrants, asylees and others – on their path towards stability, self-sufficiency and belonging. The Agency accomplishes this through programming that focuses on newcomers' financial security, physical and mental health, family and community connections and stable housing while ensuring that newcomers have the necessary English language skills, access to existing services and legal status.

Opening Doors began in 1993 as a small refugee resettlement agency then 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. In 2003, the Agency incorporated as a 501(c)(3) nonprofit organization. In 2004 the Agency became a Community Development Financial Institution (CDFI). Over the years, the agency expanded to offer additional services, such as immigration legal services or microenterprise and business services, to support the success of its newcomer clients.

The Agency's current programs include:

Refugee Programs – The Agency provides refugee resettlement assistance to newly arriving refugees in obtaining housing, health care assistance, English language training, and help with job placement. For the most vulnerable refugees, the Agency offers intensive case management support beyond the initial 90-day resettlement period. The Agency provides holistic, culturally-relevant counseling services. With support from volunteers, refugees are transitioned to a safe and healthy life in the Sacramento area community.

Survivors of Human Trafficking Program – 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. The Agency also conducts community outreach, education and technical assistance in order to increase the number of human trafficking victims being identified and freed and improve the cultural responsiveness of service providers.

Immigration Legal Services – The Agency provides pro bono comprehensive immigration legal services that include assistance with items such as naturalization and citizenship preparation, deportation defense, DACA, and legal services for unaccompanied minors.

English Language Development – The Agency partners with a local public charter school to provide free, flexible English language classes. Through a robust volunteer mentor program, the Agency also provides culturally-appropriate English language classes and individual tutoring to refugee women.

Economic Prosperity Programs – The Agency provides assistance for entrepreneurs to start or improve small businesses through business technical assistance, training and business microloans and financial education to support newcomers to navigate the U.S. financial system.

OPENING DOORS, INC.

NOTES TO FINANICAL STATEMENTS

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 2019 and 2018.

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

Receivables: Grants and program receivable represent expenditures for which reimbursement has been requested but not yet received. 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 are charged at rates ranging from 7.5% to 8.5%. Loan fees and interest are recognized when earned.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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. Restricted cash and loan loss reserves consist of the following at December 31:

	2019	2018
Microloan revolving fund	$ 160,520	$ 140,251
Loan loss reserve fund	105,661	105,621
CalCap loan loss reserve fund	28,158	42,122
Attorney trust client fund	-	8,155
	$ 294,339	$ 296,149

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.

Contributions: Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Our federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

All contributions are considered to be without donor restrictions unless specifically restricted by the donor or grantor. Amounts received that are designated for future periods or restricted by the donor or grantor for specific purposes are reported as an increase in net assets with donor restrictions. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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:

	2019	2018
Services	$ 92,163	$ 9,451
Goods	58,740	69,898
	$ 150,903	$ 79,349

In addition, special event expenses in the statement of activities include $8,179 of in-kind goods during 2019.

Revenue Recognition: Revenue is measured based on the amount of consideration specified in a contract with a customer or grantor. Revenue is recognized when earned and as our performance obligations under the terms of the contract are satisfied which generally occurs when the services are provided.

Grants and Contracts - For grants and contracts where we have the right to consideration from the customer or grantor in an amount that corresponds directly with the value received by the customer or client based on our performance to date, revenue is recognized when services are performed and contractually billable. For all other types of grants and contracts, revenue is recognized over time, as performance obligations are satisfied and related reimbursable expenses are incurred, in accordance with the terms of applicable grant awards or contracts. Contract costs include all direct costs and an allocation of indirect costs related to contract performance.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Under the typical payment terms of our contracts, amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly, quarterly, or annually), upon achievement of contractual milestones, or when services are provided. From time to time, we may require the customer or grantor to make advance payments as well as interim payments as work progresses. The advance payment generally is not considered a significant financing component as we expect to recognize those amounts in revenue within a year of receipt as work progresses on the related performance obligation.

Program fees - Revenues from program fees are recognized over the terms of the program and the period of service provided.

Contract Assets and Liabilities - When billing occurs subsequent to revenue recognition, resulting in unbilled revenue, a contract asset ensues and is presented under the caption “Contract assets” in the Statements of Financial Position. This represents unbilled revenues which arise when revenue has been earned but the amount will not be billed until a later date. When advances or deposits from our customers or grantors are received, resulting in deferred revenue, a contract liability ensues and is presented under the caption “Contract Liabilities” in the Statements of Financial Position. This represents deferred revenue when the Agency has billed a customer or grantor in excess of revenue recognized to date or when payments are received in advance.

Practical Expedients and Exemptions - Upon the adoption of ASC 606, we utilized certain practical expedients and exemptions as follows:

- We applied the full retrospective method upon adoption of ASC Topic 606 which allowed the new accounting standard to be applied only to contracts that were not considered substantially complete as of January 1, 2018.
- In cases where we have an unconditional right to consideration from a customer in an amount that corresponds directly with the value of our performance completed to date, we recognize revenue in the amount to which we have a right to invoice for services performed.
- We do not adjust the contract price for the effects of a significant financing component if the company expects, at contract inception, that the period between when the company transfers a service to a customer and when the customer pays for that service will be one year or less.

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.

OPENING DOORS, INC.

NOTES TO FINANICAL 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.

New Accounting Pronouncement: In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"), which provides guidance on revenue recognition and supersedes the revenue recognition requirements in Topic 605, Revenue Recognition and most industry-specific guidance. The standard's core principle is that a company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under current guidance. These judgments may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. We adopted ASU 2014-09 effective January 1, 2018 using the full retrospective transition method. This adoption did not have a significant impact on our financial statements. We analyzed our revenue streams and concluded there was no change to the timing and pattern of revenue recognition for these revenue streams under the new guidance. As such, adoption of the standard did not result in a change to our revenue recognition policies, require recognition of a cumulative adjustment as of January 1, 2018, or have a material impact on our financial statements.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230), Restricted Cash. It provides additional guidance related to transfers between cash and restricted cash and how entities present, in their statements of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. The Agency has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented the provisions of ASU 2018-08 effective January 1, 2019 applicable to both contributions received and contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation.

OPENING DOORS, INC.

NOTES TO FINANICAL STATEMENTS

NOTE C - CONTRACT BALANCES

Contract assets are summarized as follows at December 31:

	2019	2018
Unbilled revenue	$ 201,732	$ -
	$ 201,732	$ -

Contract liabilities are summarized as follows at December 31:

	2019	2018
Deferred revenue - Refugee resettlement	$ 186,152	$ -
Deferred revenue - Client trust	-	8,155
	$ 186,152	$ 8,155

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. Original monthly principal payment totaled $3,925. Effective July 2018, monthly principal payments increased to $6,113 due to additional loan of $110,000 made in June 2018. As of December 31, 2019 and 2018, $325,283 and $398,633, 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:

2020	$ 73,350
2021	73,350
2022	51,708
2023	36,250
2024	36,250
Thereafter	54,375
	$ 325,283

OPENING DOORS, INC.

NOTES TO FINANICAL STATEMENTS

NOTE E - NET ASSETS

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

	2019	2018
Subject to the Passage of Time or Expenditure for Specified Purpose:		
Micro lending	$ 99,034	$ 245,872
Loan programs	44,363	37,589
Women's literacy	4,251	5,000
Refugee programs	14,776	-
Financial literacy	5,000	-
Survivors of trafficking	621	-
Total Subject to the Passage of Time or Expenditure for Specified Purpose	168,045	288,461
Total net assets with donor restrictions	$ 168,045	$ 288,461

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:

	2019	2018
Purpose Restrictions Accomplished:		
Micro lending	$ 272,256	$ 297,349
Attorney client trust funds	-	19,836
Loan programs	10,090	-
Women's literacy	5,749	-
Staff training	1,350	-
Refugee programs	424	-
Total restrictions released	$ 289,869	$ 317,185

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:

2020	$ 122,775
2021	126,456
2022	119,208
	$ 368,439

NOTE F - COMMITMENTS - Continued

Rent expense under this lease for the years ended December 31, 2019 and 2018, amounted to $119,202 and $96,642, respectively.

NOTE G - CONCENTRATION OF CREDIT AND MARKET RISK

Concentration of Grants: For the years ended December 31, 2019 and 2018, approximately 49% and 51%, 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.

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, 2019 and 2018:

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	$ 702,247	$ 478,949
Grants and program receivable	624,145	481,743
Contract assets	201,732	-
Client loans receivable	633,741	676,289
Restricted cash and loan loss reserves	294,339	296,149
Total financial assets	2,456,204	1,933,130
Less amounts not available to be used within one year:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restriction	$ 168,045	$ 288,461
Contract liabilities	186,152	8,155
Restricted cash and loan loss reserves	294,339	296,149
Client loans receivable, non-current portion	353,419	376,647
	1,001,955	969,412
Financial assets available to meet general expenditures within one year	$ 1,454,249	$ 963,718

NOTE H - AVAILABILITY AND LIQUIDITY - Continued

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, the Agency has evaluated subsequent events and transactions that occurred after the balance sheet date through June 23, 2020, the date that the financial statements were available to be issued. Management has evaluated the potential impact of the COVID-19 pandemic and has concluded that two programs, Refugee Programs and English Language Development, will see temporarily reduced revenue. A third program, Immigration Legal Services, will likely experience delayed timelines of when revenue can be expected to be earned. However, the Agency has been successful in funding from both the Paycheck Protection Program as well as additional COVID-19 related foundation and grant fundraising. Management continues to carefully monitor the situation. No adjustments have been made to these financial statements as a result of this uncertainty.

COMPLIANCE REPORTS

OPENING DOORS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2019

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of State				
Passed through Church World Services				
U.S. Refugee Admissions Program	19.510			$ 1,364,471
U.S. Department of Health and Human Services				
Refugee and Entrant Assistance Discretionary Grants	93.576			176,160
Services to Victims of a Severe Form of Trafficking	93.598			36,005
U.S. Small Business Administration				
Microloan Program	59.046			76,798
U.S. Department of Homeland Security				
Citizenship Instruction and Legal Services	97.010		$ 51,447	104,049
Passed through Cal OES, Governor's Office of Emergency Services				
Homeland Security Grant Program	97.067	2016-0102		44,795
Passed through Cal OES, Governor's Office of Emergency Services				
Preventing Violent Extremism Program	16.575	PM19011045		34,537
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 51,447	$ 1,836,815

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, 2019. 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.

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, 2019, 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 June 23, 2020.

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.

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. 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.

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

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 an instance 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 item 2019-001.

Williams & Olds
Certified Public Accountants

Opening Door, Inc.'s Response to Findings

Opening Door, Inc.'s response to the finding 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
June 23, 2020

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, 2019. 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, 2019.

WILLIAMS
& OLDS
Certified Public Accountants

Other Matters
The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

Opening Door, Inc.'s response to the noncompliance finding 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2019-001 to be a material weakness.

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.

Opening Door, Inc.'s response to the internal control over compliance 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.

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
June 23, 2020

OPENING DOORS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report:	Unmodified	
Internal control over financial reporting:		
Material weakness identified?	____ yes	X no
Significant deficiency(ies) identified not considered to be material weakness?	____ yes	X 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 - None

Section III - Federal Award Findings and Questioned Costs

Finding 2019-001

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's documented internal controls do not meet the procurement, suspension and debarment compliance requirement of the 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.

Award recipients must not utilize any vendor or enter into a contract with a subawardee which is suspended or debarred or is otherwise excluded from the central contractor registry.

Cause and Effect: The Organization's written policy or established procedures related to procurement, suspension and debarment does not comply with the Uniform Guidance. 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 and subawardees were selected for testing for suspension and debarment.

Recommendation: We recommend that the Organization implement a system of internal controls over the procurement, suspension and debarment compliance requirement in accordance with the Uniform Guidance. We also recommend the Organization update the procurement procedures and policies that conform to federal law and procurement standards.

View of Responsible Officials: Management has verified that none of the subawardees and vendors with expenditures in excess of $25,000 were suspended or debarred. In 2020, management will update and train staff on a procurement policy that is in compliance with the federal Uniform Guidance. Management will update the procurement policy to include procedures to verify a vendor or subawardee has not been suspended or debarred prior to doing business with them. The results will be documented in each vendor file and will be updated each year.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT 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.

Current Status: 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. No similar findings were noted in the 2019 audit.

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.

Current Status: 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. No similar findings were noted in the 2019 audit.

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.

Current Status: 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. No similar findings were noted in the 2019 audit.

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.

Current Status: In 2019, the Organization’s procurement policy was incomplete and not in compliance with the federal Uniform Guidance. Similar findings were noted in the 2019 audit.