OPENING DOORS, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Opening Doors, Inc.
Sacramento, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Opening Doors, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Opening Doors, Inc. as of December 31, 2022 and 2021, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Opening Doors, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principles

As discussed in Note 8 to the consolidated financial statements, in 2022 the Agency adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the consolidated financial, in 2022 the Agency adopted new accounting guidance for nonfinancial contributions. The guidance requires expanded financial statement preparation and disclosures of contributed nonfinancial assets, including in-kind contributions. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Opening Doors, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Opening Doors, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Opening Doors, Inc.'s ability to continue as a going concern for a reasonable period of time.

Board of Directors
Opening Doors, Inc.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information – Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated 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 consolidated 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 schedule of expenditures of federal awards 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 May 29, 2023, on our consideration of Opening Doors, Inc. 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 solely 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. 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. internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
May 29, 2023

OPENING DOORS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,907,828	$ 2,262,727
Grants and Program Receivables	1,190,549	1,679,155
Client Loans Receivable, Current Portion	40,167	28,569
Prepaid Expenses and Deposits	49,109	41,308
Total Current Assets	3,187,653	4,011,759
LONG-TERM ASSETS		
Restricted Cash and Loan Loss Reserves	232,394	311,556
Operating Right-of-Use Assets	893,539	-
Property and Equipment, Net	1,428,577	13,352
Client Loans Receivable, Noncurrent Portion, Net of Allowance of $12,799 and $25,597	310,466	284,870
Total Long-Term Assets	2,864,976	609,778
Total Assets	$ 6,052,629	$ 4,621,537
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 251,208	$ 205,810
Accrued Expenses	1,252,952	914,021
Notes Payable, Current Portion	70,939	59,498
Lease Liabilities, Current Portion - Operating	194,760	-
Contract Liabilities	364,168	965,909
Total Current Liabilities	2,134,027	2,145,238
LONG-TERM LIABILITIES		
Lease Liabilities, Noncurrent Portion - Operating	724,551	-
Paycheck Protection Program Loan	-	253,150
Notes Payable, Net, Noncurrent Portion	1,059,620	137,908
Total Long-Term Liabilities	1,784,171	391,058
Total Liabilities	3,918,198	2,536,296
NET ASSETS		
Without Donor Restrictions	1,892,234	1,832,000
With Donor Restrictions	242,197	253,241
Total Net Assets	2,134,431	2,085,241
Total Liabilities and Net Assets	$ 6,052,629	$ 4,621,537

See accompanying Notes to Consolidated Financial Statements.

OPENING DOORS, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Federal Grants	$ 4,745,600	$ 118,388	$ 4,863,988
State Grants	1,203,039	-	1,203,039
Foundation and Other Grants	115,725	-	115,725
Contributions	190,560	500	191,060
Program Fees	43,817	-	43,817
Prosperity Program	472,431	35,000	507,431
Contributions of Nonfinancial Assets	1,034,920	121,950	1,156,870
Loan Fees and Interest	28,480	-	28,480
Rental Income	32,323	-	32,323
Paycheck Protection Program Loan Forgiveness	256,271	-	256,271
Other	3,559	-	3,559
Net Assets Released from Restriction	286,882	(286,882)	-
Total Support and Revenue	8,413,607	(11,044)	8,402,563
EXPENSES AND LOSSES			
Program Services Expense:	7,986,969	-	7,986,969
General and Administrative	327,237	-	327,237
Fundraising	39,167	-	39,167
Total Expenses	8,353,373	-	8,353,373
CHANGE IN NET ASSETS	60,234	(11,044)	49,190
Net Assets - Beginning of Year	1,832,000	253,241	2,085,241
NET ASSETS - END OF YEAR	$ 1,892,234	$ 242,197	$ 2,134,431

See accompanying Notes to Consolidated Financial Statements.

OPENING DOORS, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021

	Restrictions	Restrictions	Total
SUPPORT AND REVENUE			
Federal Grants	$ 2,437,531	$ 60,023	$ 2,497,554
State Grants	1,323,914	-	1,323,914
Foundation and Other Grants	55,316	-	55,316
Contributions	351,216	54,380	405,596
Program Fees	21,462	-	21,462
Prosperity Program	687,208	60,000	747,208
Contributions of Nonfinancial Assets	154,466	-	154,466
Loan Fees and Interest	36,364	-	36,364
Rental Income	3,700	-	3,700
Other	358	-	358
Net Assets Released from Restriction	60,351	(60,351)	-
Total Support and Revenue	5,131,886	114,052	5,245,938
EXPENSES AND LOSSES			
Program Services Expense:	5,075,950	-	5,075,950
General and Administrative	91,294	-	91,294
Fundraising	102,832	-	102,832
Total Expenses	5,270,076	-	5,270,076
CHANGE IN NET ASSETS	(138,190)	114,052	(24,138)
Net Assets - Beginning of Year	1,970,190	139,189	2,109,379
NET ASSETS - END OF YEAR	$ 1,832,000	$ 253,241	$ 2,085,241

See accompanying Notes to Consolidated Financial Statements.

OPENING DOORS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services								
	Microenterprise	Immigration Legal Services	Survivors of Trafficking	Refugee Resettlement	Other Programs	Total	General and Administrative	Fundraising	Total
Salaries	$ 465,531	$ 256,029	$ 406,127	$ 1,583,890	$ 141,372	$ 2,852,949	$ 13,412	$ 28,147	$ 2,894,508
Payroll Taxes	36,851	22,696	33,509	113,022	10,522	216,600	1,108	2,495	220,203
Employee Benefits	39,834	335,361	63,255	147,048	7,588	593,086	1,919	-	595,005
Total Salaries and Related Costs	542,216	614,086	502,891	1,843,960	159,482	3,662,635	16,439	30,642	3,709,716
Client Expenses	13,580	255	507,791	1,676,148	2,533	2,200,307	-	-	2,200,307
Contract Services	19,122	91,573	78,144	126,236	8,993	324,068	4,359	885	329,312
Loan Administration	42,667	-	-	-	-	42,667	39	-	42,706
Occupancy	28,207	9,398	39,469	215,509	27,374	319,957	-	913	320,870
Donated Goods	207,000	81,040	36,450	509,910	47,700	882,100	269,550	-	1,151,650
Supplies	9,032	563	17,803	111,303	2,231	140,932	272	109	141,313
Outreach	953	860	1,462	16,115	66	19,456	687	500	20,643
Small Equipment Costs	534	271	601	1,958	176	3,540	-	14	3,554
Professional Services	13,562	5,730	15,712	221,211	6,481	262,696	17,504	2,077	282,277
Telephone and Internet	866	6,183	4,432	34,560	624	46,665	592	312	47,569
Insurance	890	341	973	3,912	2,660	8,776	-	-	8,776
Donated Services	-	-	-	140	-	140	5,080	-	5,220
Printing and Postage	334	202	643	3,333	56	4,568	2	2	4,572
Depreciation and Amortization	-	-	-	-	22,928	22,928	1,488	-	24,416
Staff Related Costs	609	317	77	5,013	262	6,278	4,412	170	10,860
Dues and Subscriptions	1,000	2,000	-	-	-	3,000	1,079	200	4,279
Interest Expense	-	-	-	-	20,983	20,983	3,121	-	24,104
Miscellaneous	1,368	457	1,771	7,611	4,066	15,273	2,613	3,343	21,229
Total Expenses by Function	$ 881,940	$ 813,276	$ 1,208,219	$ 4,776,919	$ 306,615	$ 7,986,969	$ 327,237	$ 39,167	$ 8,353,373

See accompanying Notes to Consolidated Financial Statements.

OPENING DOORS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services								
	Microenterprise	Immigration Legal Services	Survivors of Trafficking	Refugee Resettlement	Other Programs	Total	General and Administrative	Fundraising	Total
Salaries	$ 369,751	$ 312,073	$ 296,414	$ 602,438	$ 116,682	$ 1,697,358	$ 44,162	$ 69,598	$ 1,811,118
Payroll Taxes	31,910	25,914	26,195	44,328	9,852	138,199	4,938	5,637	148,774
Employee Benefits	63,306	454,295	49,517	88,836	25,557	681,511	-	12,175	693,686
Total Salaries and Related Costs	464,967	792,282	372,126	735,602	152,091	2,517,068	49,100	87,410	2,653,578
Client Expenses	262,411	1,298	183,309	1,058,043	52	1,505,113	8,630	600	1,514,343
Contract Services	134,522	147,599	107,219	14,036	16,723	420,099	3,292	139	423,530
Loan Administration	60,291	-	-	-	-	60,291	170	446	60,907
Occupancy	40,377	17,212	23,067	77,886	6,137	164,679	2,658	2,490	169,827
Donated Goods	-	-	-	146,483	-	146,483	-	-	146,483
Supplies	1,095	1,171	1,249	10,289	163	13,967	1,310	738	16,015
Outreach	227	34,540	503	3,989	125	39,384	-	-	39,384
Small Equipment Costs	716	426	429	1,285	371	3,227	44	70	3,341
Professional Services	22,853	7,257	14,463	44,976	4,324	93,873	15,618	3,432	112,923
Telephone and Internet	9,332	6,040	7,168	37,309	1,994	61,843	-	685	62,528
Insurance	1,240	815	897	1,882	601	5,435	82	125	5,642
Donated Services	-	-	-	-	-	-	7,984	-	7,984
Printing and Postage	227	787	181	960	147	2,302	-	64	2,366
Depreciation	196	130	-	181	-	507	160	-	667
Staff Related Costs	273	1,815	7	1,405	-	3,500	844	22	4,366
Dues and Subscriptions	502	281	30	1,194	10	2,017	643	351	3,011
Miscellaneous	6	486	-	35,670	-	36,162	759	6,260	43,181
Total Expenses by Function	$ 999,235	$ 1,012,139	$ 710,648	$ 2,171,190	$ 182,738	$ 5,075,950	$ 91,294	$ 102,832	$ 5,270,076

See accompanying Notes to Consolidated Financial Statements.

OPENING DOORS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 49,190	$ (24,138)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	24,205	667
Bad Debt Expense (Recovery)	(10,842)	25,597
Noncash Lease Expense	25,772	-
Paycheck Protection Program Loan - Forgiveness	(256,271)	-
Changes in Operating Assets and Liabilities:		
Grants and Program Receivables	488,606	(1,182,051)
Contract Assets	-	63,560
Client Loans Receivable	(5,841)	(22,468)
Prepaid Expenses and Deposits	(7,801)	(16,082)
Accounts Payable	45,398	122,981
Accrued Expenses	342,052	642,913
Deferred Revenue	(601,741)	764,779
Net Cash Provided by Operating Activities	92,727	375,758
CASH FLOWS FROM INVESTING ACTIVITIES		
Client Loans Made	(241,067)	(156,664)
Collections on Client Loans	220,556	351,484
Purchases of Property and Equipment	(1,439,330)	(11,469)
Net Cash Provided (Used) by Investing Activities	(1,459,841)	183,351
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Paycheck Protection Program Loan	-	253,150
Proceeds from Issuance of Mortgage Loan	1,004,284	-
Principal Payments on Notes Payable	(71,542)	(87,632)
Net Cash Provided by Financing Activities	932,742	165,518
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(434,372)	724,627
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	2,574,283	1,849,656
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 2,139,911	$ 2,574,283

See accompanying Notes to Consolidated Financial Statements.

OPENING DOORS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 20,883	$ -
SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING ACTIVITIES		
Operating Right-of-Use Asset Obtained in Exchange for Operating Lease Liability	$ 1,090,649	$ -
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH BALANCES		
Cash and Cash Equivalents	$ 1,907,828	$ 2,262,727
Restricted Cash and Loan Loss Reserves	232,394	311,556
Total Cash, Cash Equivalents, and Restricted Cash	$ 2,140,222	$ 2,574,283

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Opening Doors, Inc. (the Agency) is presented to assist in the understanding of the Agency's consolidated financial statements. The policies reflect industry practices and conform to the accounting principles generally accepted in the United States of America.

Agency

The Agency envisions a world where migrants and refugees lead lives of joy and belonging, embraced by welcoming community. The Agency enriches communities by supporting immigrants, refugees, and survivors of trafficking on their path to stability, self-sufficiency and belonging. The journey of immigrants, refugees, and survivors of human trafficking coming to the U.S. is complicated, exhausting and often dangerous. Many are not only leaving difficult circumstances – they experience new challenges as soon as they arrive. From financial to language barriers, bureaucratic to cultural barriers – the obstacles can be overwhelming. Opening Doors, Inc. works to ensure all newcomers have the tools they need to thrive.

The Agency began in 1993 as a small refugee resettlement agency then called the Sacramento Refugee Ministry. In 2003, the Agency incorporated as a 501(c)(3) nonprofit Agency. In 2004, the Agency became a Community Development Financial Institution (CDFI).

The Agency's current programs include:

***Welcoming Refugees* –** The Agency's Refugee Programs provide resettlement case management, trauma counseling, housing, and other vital services to refugees as they establish their lives in their new communities.

***Defending Immigrants* –** The Agency's Immigration Legal Services Program defends immigrants by providing legal services, including asylum applications, deportation relief, DACA, and citizenship applications.

***Supporting Survivors* –** The Agency's Survivors of Human Trafficking Program promotes survivors' self-sufficiency through case management, skills-building, mental health care, and other supportive services.

***Helping Heal Past Trauma* –** The Agency's Mental Health Program empowers immigrants' and refugees' health through online support groups and culturally-responsive and trauma-informed individual and family counseling.

***Expanding Economic Opportunity* –** The Agency's Economic Prosperity Program supports the financial stability of immigrants and refugees through career pathway development and microenterprise business consulting services and loans.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The accompanying consolidated financial statements include accounts of Opening Doors, Inc. and Welcome House LLC, a single member LLC solely owned by Opening Doors, Inc. While Opening Doors, Inc. has not historically considered itself a “housing-focused” organization, its 2019 strategic planning process identified its region’s lack of affordable, safe permanent housing as barriers to its client’s successful outcomes across program areas. The pressure of a lack of adequate housing was especially felt in the Agency’s Refugee Resettlement and Survivors of Trafficking programs.

In 2021, the Greater Sacramento Economic Council estimated that the Sacramento region needed around 154,000 housing units over the next eight years and roughly 62,000 housing units for low-income or very low-income families and individuals. In 2022, renters in Sacramento County needed to earn $31.25 per hour - 2.1 times the state minimum wage - to afford the average monthly asking rent of $1,625. In combination with the U.S. government pulling out of Afghanistan, and Opening Doors, Inc. experiencing some of the highest monthly refugee arrivals in its history a need developed to internally address the precarious housing situation in the region.

With cash reserves large enough that the board began discussing options for investing a portion of the funds, the natural solution to both challenges was through the financing of a multi-family property by Welcome House LLC. This purchase allows us the Agency to rent to their clients at affordable rates while also investing a portion of their cash in an asset. This solution is directly in line with the Agency’s mission of enriching communities by supporting immigrants, refugees, and survivors of trafficking on their path to stability, self-sufficiency and belonging. For many of its clients, the first step towards stability is adequate permanent housing.

Intercompany transactions and balances have been eliminated upon consolidation.

Financial Statement Presentation

The Agency follows the recommendations of the Financial Accounting Standards Board (FASB). The FASB establishes standards for financial reporting by nonprofit Agency’s and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally imposed restrictions. A description of the two net asset categories is as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statements of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Agency adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Agency has elected to adopt the package of practical expedients available in the year of adoption. The Agency has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Agency's ROU assets.

The Agency elected the available practical expedients to account for existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

In addition, the Agency elected the hindsight practical expedient to determine the lease term for existing leases. The election of the hindsight practical expedient did not result in any change to the lease terms for existing leases or the useful lives of corresponding leasehold improvements.

As a result of the adoption of the new lease accounting guidance, the Agency recognized on January 1, 2022 lease liabilities of $1,090,649, which represent the present value of the remaining operating lease payments of $1,128,960, discounted using the Agency's risk-free rate of 1.26%, and ROU assets of $1,090,649, which represent the operating lease liabilities of $1,090,649.

The standard had a material impact on the consolidated statements of financial position but did not have a material impact on the consolidated statements of activities or consolidated statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

In financial year 2022, the Agency adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The standard did not have a material impact on the financial statements, with the exception of increased disclosure. The Agency has updated disclosures necessary (see Note 1 Summary of Significant Accounting Policies: In-Kind Contributions).

Leases

The Agency leases a portion of an office building in Sacramento, California and an office copier. The Agency determines if an arrangement is a lease at inception. Operating leases are included in operating right-of-use assets, lease liabilities, current portion - operating and lease liabilities, noncurrent portion - operating on the consolidated statements of financial position.

ROU assets represent the Agency's right to use an underlying asset for the lease term and lease liabilities represent the Agency's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Agency uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Agency will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Agency has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the consolidated statements of financial position.

The Agency's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Agency considers factors such as if the Agency has obtained substantially all of the rights to the underlying asset through exclusivity, if the Agency can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Agency has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Agency considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Grants and Program 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. At December 31, 2022 and 2021, three and two customers, respectively, accounted for approximately 74% and 77%, respectively, of grants and program receivables. Grants and program receivables as of December 31, 2022 and 2021, are $1,190,579 and $1,679,155, respectively.

Client Loans Receivable

Client loans consist of amounts loaned to individuals through the Prosperity Program. Loans are stated at the amount of unpaid principal. Interest on loans is calculated in accordance with the provisions of the various underlying loan documents. All loan receivable repayments are pledged as collateral against outstanding notes payable of the Agency. 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. As of December 31, 2022 and 2021, $12,799 and $25,597 allowance for loan losses was recorded, respectively.

A loan is considered impaired when it is probable the creditor will be unable to collect all contractual principal and interest payments due in accordance with the terms of the loan agreement. Impairment of loans is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, as a practical expedient, at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. Cash collections on impaired loans are credited to the loan receivable balance and no interest income is recognized on those loans until the principal balance is current. There were no impaired loans as of December 31, 2022 and 2021.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Client Loans Receivable (Continued)

Loans Receivable are summarized as the following at December 31:

	2022	2021
Wells Fargo Latino Business Loans	$ 1,737	$ 4,573
Other Loans	32,600	-
Prosperity Program Microloans - SBA	218,513	166,838
Prosperity Program Refugee Microenterprise Development Loans	108,578	166,657
Subtotal	361,428	338,068
Less: Allowance for Loan Losses	12,799	25,597
Add: Accrued Loan Interest	2,004	968
Client Loans Receivable, Net	$ 350,633	$ 313,439
Current Portion	$ 40,167	$ 28,569
Noncurrent Portion	310,466	284,870
Total	$ 350,633	$ 313,439

Restricted Cash and Loan Loss Reserves

Restricted funds include amounts received from grantors available for client loans, and loan loss reserves. 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:

	2022	2021
Microloan Revolving Fund	$ 86,379	$ 173,949
Loan Loss Reserve Fund	105,639	105,614
CalCap Loan Loss Reserve Fund	40,376	31,993
Total	$ 232,394	$ 311,556

Property and Equipment

The Agency records property and equipment additions over $2,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 7 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

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.

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.

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 consolidated 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 consolidated 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 consolidated financial statements since these services are not professional in nature, and, as such, do not meet the criteria for recognition as contributed services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-kind Contributions (Continued)

For the years ended December 31, contributed nonfinancial assets recognized within the statement of activities and changes in net assets included:

Nonfinancial Contributions Category	Type of Contributions for Beneficiaries	Valuation	Donor Restriction	2022	2021
Equipment	Cell Phones, and Laptops	Fair market value on basis of U.S. wholesale prices for identical or similar products.	No Donor Restriction	$ 1,012,850	$ -
Miscellaneous Items	Clothing, Household Goods, and Gift Cards	The Salvation Army's Donated Valuation Guide Pricing for identical or similar products. Gift Cards valued at FMV.	No Donor Restriction	138,800	146,483
Services	Various Legal Matters	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services.	No Donor Restriction	5,120	7,983
			Total	$ 1,156,770	$ 154,466

Revenue and 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 the Agency has 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 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition (Continued)

Under the typical payment terms of the Agency 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, the Agency 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 the Agency expects to recognize those amounts in revenue within a year of receipt as work progresses on the related performance obligation. The Agency has conditional grants in the amount of $1,894,390 that have not been recognized as of December 31, 2022, because qualifying expenditures have not yet been incurred, with an advance payment of $364,168 recognized in the consolidated statements of financial position as contract liabilities.

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 consolidated 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 consolidated 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.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on the consolidated statements of activities and functional expenses based on their natural classification. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Under applicable laws and regulations, the Agency has been determined to be exempt from federal and California income taxes as an Agency described in Section 501(c)(3) of the Internal Revenue Code and the related California Revenue and Taxation Code. Accordingly, no provision for income taxes has been recorded in these consolidated financial statements. 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.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Subsequent Events

Management have evaluated subsequent events through May 29, 2023, the date the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following as of December 31:

	2022	2021
Financial Assets at Year-End:		
Cash and Cash Equivalents	$ 1,907,828	$ 2,262,727
Grants and Program Receivables	1,190,549	1,679,155
Client Loans Receivable	350,633	313,439
Restricted Cash and Loan Loss Reserves	232,394	311,556
Total Financial Assets	3,681,404	4,566,877
Less Amounts Not Available to be Used Within One Year:		
Contractual or Donor-Imposed Restrictions:		
Restricted by Donor with Time or Purpose Restriction	242,197	253,241
Contract Liabilities	364,168	965,909
Restricted Cash and Loan Loss Reserves	232,394	311,556
Client Loan Receivable, Noncurrent Portion	310,466	284,870
Subtotal	1,149,225	1,815,576
Financial Assets Available to Meet General Expenditures Within One Year	$ 2,532,179	$ 2,751,301

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

NOTE 3 CONTRACT BALANCES

Contract liabilities are summarized as follows at December 31:

	2022	2021
Deferred Revenue - Refugee Resettlement	$ 91,451	$ 703,209
Deferred Revenue - Open 4 Business	114,587	257,700
Deferred Revenue - ILS CDSS	132,998	-
Deferred Revenue - Women's Recovery Response	25,132	-
Deferred Revenue - Client Other	-	5,000
Total	$ 364,168	$ 965,909

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2022	2021
Land	$ 213,701	$ -
Buildings	1,136,299	-
Equipment	50,420	50,420
Furniture and Fixtures	65,426	15,273
Leasehold Improvements	39,177	-
Software Programs	3,924	3,924
Subtotal	1,508,947	69,617
Less: Accumulated Depreciation	80,370	56,265
Total Property and Equipment, Net	$ 1,428,577	$ 13,352

Depreciation and amortization expense totaled $24,416 and $667 for the years ended December 31, 2022 and 2021, respectively.

NOTE 5 NOTES PAYABLE

The Agency has a note payable to the U.S. Small Business Administration (SBA) with zero interest, as long as the proceeds go toward making micro loans. The note matures May 19, 2026. Monthly principal payments amount to $3,284. As of December 31, 2022 and 2021, $137,908 and $197,406, respectively, was outstanding. The loan is secured by the security interest in all funds held in the microloan revolving funds and loan loss reserve funds, and microloan notes made.

On June 27, 2022, the Agency entered into a note agreement with First-Citizens Bank and Trust Company for the purpose of financing the acquisition of a multi-family property. Principal and interest payments amount to $6,586 and are due monthly until July 1, 2032 when the remaining outstanding balance is due. The note accrues interest at a fixed rate of 4.75%. As of December 31, 2022, $1,000,456 was outstanding. The loan is secured by a deed of trust on the multi-family property for which financing was obtained.

NOTE 5 NOTES PAYABLE (CONTINUED)

Debt issuance costs are deferred and amortized using the effective interest method over the life of the notes as part of interest expense. As of December 31, 2022, accumulated amortization of debt issuance costs amounts to $100. Amortization expense for the year ended December 31, 2022 is $100 and is included in interest expense.

Scheduled annual principal payments are as follows:

Year Ending December 31,	Amount
2023	$ 70,939
2024	72,360
2025	74,115
2026	56,124
2027	38,215
Thereafter	826,611
Subtotal	1,138,364
Less: Unamortized Debt Issuance Costs	7,805
Total	$ 1,130,559

NOTE 6 LINE OF CREDIT

The Agency has an $80,000 revolving line of credit with a bank, secured by accounts receivable. Borrowings under the line bear interest at the bank's prime rate plus 0.75%, or a floor of 5.00% (5.00% at December 31, 2022 and 2021). There were no draws on the line of credit as of December 31, 2022 and 2021.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Subject to the Passage of Time or Expenditure for Specified Purpose:		
Micro Lending	$ 65,896	$ 67,828
Loan Programs	21,844	22,870
Laptop Donation	121,950	-
Women's Literacy	35	348
Refugee Programs	-	71,766
Prosperity Program	32,472	36,870
Refugee Resettlement Property	-	50,000
Survivors of Trafficking	-	3,559
Total Net Assets With Donor Restrictions	$ 242,197	$ 253,241

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS (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:

	2022	2021
Purpose Restrictions Accomplished:		
Micro Lending	$ 1,932	$ 26,146
Loan Programs	1,027	1,434
Women's Literacy	313	-
Refugee Programs	190,154	8,820
Health Programs	500	-
Survivors of Trafficking	3,559	821
Prosperity Program	39,397	23,130
Refugee Resettlement Property	50,000	-
Total Restrictions Released	$ 286,882	$ 60,351

NOTE 8 LEASES

Operating Leases

The Agency leases a portion of an office building under an operating lease in Sacramento, California that expires May 31, 2027. The Agency leases a copier that expires March 31, 2025. The lease of a portion of an office building provides for a renewal option of five years. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Agency's leases for the year ended December 31, 2022.

Lease Cost:	
Operating Lease Cost	$ 209,691
Short-Term Lease Cost	46,216
Total Lease Cost	$ 255,907
Other Information:	
Operating Cash Flows from Operating Leases	$ 183,918
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:	1,090,649
Weighted-Average Remaining Lease Term - Operating Leases	4.4 Years
Weighted-Average Discount Rate - Operating Leases	1.26%

NOTE 8 LEASES (CONTINUED)

Operating Leases (Continued):

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

Year Ending December 31,	Operating
2023	$ 204,988
2024	211,084
2025	214,805
2026	220,120
2027	94,045
Total Lease Payments	945,042
Less: Interest	(25,731)
Present Value of Lease Liabilities	$ 919,311

Short-Term Leases

The Agency leases two storage facilities under a month-to-month lease in Sacramento, California. The Agency leases a housing facility used for client housing under a month-to-month lease in Orangevale, California.

The Agency has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Agency is reasonably certain to exercise. The Agency recognizes the lease payments in profit and loss on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred.

Total expenses for all leases for the year ended December 31, 2021 totaled $143,783.

NOTE 9 CONCENTRATIONS OF CREDIT AND MARKET RISK

Concentration of Grants

For the years ended December 31, 2022 and 2021, approximately 50% and 42%, 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.

NOTE 9 CONCENTRATIONS 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 10 PAYCHECK PROTECTION PROGRAM LOAN

On March 12, 2021, the Agency received proceeds in the amount of $253,150 to fund payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan). The PPP loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. The $253,150 is classified as Paycheck Protection Program Loan in the accompanying consolidated statements of financial position. Payment of principal and interest was deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Agency fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. The covered period from March 12, 2021 to October 12, 2021, is the time that the Agency had to spend their PPP loan funds. The Agency’s policy is to follow ASC 958. Under this guidance, the Agency recorded the PPP loan proceeds as a deferred income liability on the consolidated statements of financial position and recognize income and reduce the liability at the time when all conditions for forgiveness have been substantially met. On June 9, 2022, the Agency received notification from the California Bank of Trust that the PPP loan was fully forgiven. The Agency recognized $253,150 principal and $3,121 in associated interest for a total of $256,271 of PPP Loan forgiveness during the year ended December 31, 2022.

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

INDEPENDENT AUDITORS' 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*

Board of Directors
Opening Doors, Inc.
Sacramento, California

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 consolidated financial statements of Opening Doors, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 29, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Opening Doors, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 consolidated 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 or significant deficiencies may exist that were not identified.

Board of Directors
Opening Doors, Inc.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Opening Doors, Inc.'s consolidated 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 consolidated financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
May 29, 2023

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

Board of Directors
Opening Doors, Inc.
Sacramento, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Opening Doors, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2022. Opening Doors, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Opening Doors, Inc. complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Opening Doors, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Opening Doors, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Opening Doors, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Opening Doors, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Opening Doors, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Opening Doors, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Opening Doors, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Opening Doors, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
May 29, 2023

OPENING DOORS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-Through Grantor Program Title	Federal ALN 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	13-4080201	$ -	$ 3,234,610
U.S. Department of Health and Human Services				
Passed through Office of Refugee Resettlement - Discretionary				
Refugee and Entrant Assistance Discretionary Grants	93.576	90RG0178	-	754,864
Passed through United States Committee for Refugees and Immigrants				
Services to Victims of a Severe Form of Trafficking	93.598	13-1878704	-	24,550
Passed through Sacramento Employment Training Agency				
Community Services Block Grant	93.569	N/A	61,599	61,599
U.S. Small Business Administration				
Microloan Program	59.046	N/A	-	75,406
U.S. Department of Housing and Urban Development				
Continuum of Care	14.267	N/A	-	628,207
Total Expenditures of Federal Awards			$ 61,599	$ 4,779,236

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal awards programs of Opening Doors, Inc. (the Agency) for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedule includes the federal grant activity of the Agency and is presented in accordance with accounting principles generally accepted in the United States of America. 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. The information in this schedule is presented in accordance with the requirements of the OMB Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

NOTE 3 INDIRECT COST RATE

The Agency elected not to use the 10% de minimis indirect cost rate as covered in 2 CFR §200.414. Uniform Guidance, §200.510(6), requires the Agency to disclose whether or not it elected to use the 10% de minimis cost rate that §200.414(f) allows for nonfederal entities that have never received a negotiated cost rate.

NOTE 4 ASSISTANCE LISTING NUMBERS (ALN)

The program titles and ALN numbers were obtained from the federal or pass-through grantor or the 2021 Assistance Listing Numbers. When no ALN number had been assigned to a program, the two-digit federal agency identifier and the federal contract number were used.

OPENING DOORS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022

Section I – Summary of Auditors' Results

Financial Statements:

Type of Auditors' Report Issued:	Unmodified
Internal Control over Financial Reporting: Material Weaknesses Identified?	____Yes __X__No
Significant Deficiencies Identified?	____Yes __X__None Reported
Noncompliance Material to Financial Statements noted?	____Yes __X__No

Federal Awards:

Internal Controls over Major Program: Material Weaknesses Identified?	____Yes __X__No
Significant Deficiencies Identified?	____Yes __X__None Reported
Type of Auditors' Report Issued on Compliance for Major Federal Programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	____Yes __X__No

Identification of major programs:

Name of Federal Programs:	Assistance Listing Number
U.S. Refugee Admissions Program	19.510
Refugee and Entrant Assistance Discretionary Grants	93.576

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as a low-risk auditee?	__X__Yes ____No

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards.*

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a) in the current or prior year.