OPENING DOORS, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

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OPENING DOORS, INC.
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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 comprises of the consolidated statements of financial position as of December 31, 2023 and 2022, 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, 2023 and 2022, 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 audits 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 1 to the consolidated financial statements, in 2023, Opening Doors, Inc. adopted new accounting guidance for expected credit losses. 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 consolidated 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 consolidated 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.

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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 14, 2024, 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.'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. internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
June 14, 2024

OPENING DOORS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 646,046	$ 1,907,828
Grants and Program Receivables	2,666,412	1,190,549
Client Loans Receivable, Current Portion	138,590	40,167
Prepaid Expenses and Deposits	106,087	49,109
Total Current Assets	3,557,135	3,187,653
LONG-TERM ASSETS		
Restricted Cash and Loan Loss Reserves	334,133	232,394
Operating Right-of-Use Assets	869,704	893,539
Property and Equipment, Net	1,472,306	1,428,577
Client Loans Receivable, Noncurrent Portion, Net of Allowance of $11,798 and $12,799	451,295	310,466
Total Long-Term Assets	3,127,438	2,864,976
Total Assets	$ 6,684,573	$ 6,052,629
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 403,248	$ 251,208
Accrued Expenses	1,115,098	1,252,952
Notes Payable, Current Portion	72,360	70,939
Lease Liabilities, Current Portion - Operating	257,380	194,760
Contract Liabilities	560,944	364,168
Total Current Liabilities	2,409,030	2,134,027
LONG-TERM LIABILITIES		
Lease Liabilities, Noncurrent Portion - Operating	619,563	724,551
Notes Payable, Net, Noncurrent Portion	1,345,408	1,059,620
Total Long-Term Liabilities	1,964,971	1,784,171
Total Liabilities	4,374,001	3,918,198
NET ASSETS		
Without Donor Restrictions	1,865,294	1,892,234
With Donor Restrictions	445,278	242,197
Total Net Assets	2,310,572	2,134,431
Total Liabilities and Net Assets	$ 6,684,573	$ 6,052,629

See accompanying Notes to Consolidated Financial Statements.

OPENING DOORS, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Federal Grants	$ 5,611,229	$ 38,918	$ 5,650,147
State Grants	2,761,155	1,900	2,763,055
Contributions of Nonfinancial Assets	507,928	173,700	681,628
Contributions	193,040	20,000	213,040
Prosperity Program	237,836	10,000	247,836
Rental Income	79,598	-	79,598
Loan Fees and Interest	47,065	-	47,065
Program Fees	42,455	-	42,455
Other	9,848	1,500	11,348
Foundation and Other Grants	272	-	272
Net Assets Released from Restriction	42,937	(42,937)	-
Total Support and Revenue	9,533,363	203,081	9,736,444
EXPENSES AND LOSSES			
Program Services Expense	9,334,940	-	9,334,940
General and Administrative	147,307	-	147,307
Fundraising	78,056	-	78,056
Total Expenses	9,560,303	-	9,560,303
CHANGE IN NET ASSETS	(26,940)	203,081	176,141
Net Assets - Beginning of Year	1,892,234	242,197	2,134,431
NET ASSETS - END OF YEAR	$ 1,865,294	$ 445,278	$ 2,310,572

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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services								
	Microenterprise	Immigration Legal Services	Survivors of Trafficking	Refugee Resettlement	Other Programs	Total	General and Administrative	Fundraising	Total
Salaries	$ 578,710	$ 552,621	$ 510,690	$ 2,051,067	$ 184,761	$ 3,877,849	$ 56,851	$ 43,953	$ 3,978,653
Payroll Taxes	48,989	47,090	41,921	163,195	14,980	316,175	4,512	3,967	324,654
Employee Benefits	69,617	(215,090)	101,868	305,570	24,600	286,565	7,950	-	294,515
Total Salaries and Related Costs	697,316	384,621	654,479	2,519,832	224,341	4,480,589	69,313	47,920	4,597,822
Client Expenses	62,079	5,337	559,871	1,686,758	3,290	2,317,335	-	-	2,317,335
Contract Services	100,062	113,820	69,473	673,226	9,983	966,564	7,049	12,701	986,314
Loan Administration	27,642	-	-	-	828	28,470	(13)	-	28,457
Occupancy	32,006	45,295	35,654	227,611	101,813	442,379	-	1,146	443,525
Donated Goods	72,000	13,050	9,900	567,816	7,200	669,966	4,050	-	674,016
Supplies	9,746	5,200	5,608	46,165	942	67,661	191	60	67,912
Outreach	3,973	1,276	3,145	15,856	111	24,361	5,401	3,305	33,067
Small Equipment Costs	474	468	514	1,806	175	3,437	-	9	3,446
Professional Services	21,798	14,264	20,796	133,375	5,517	195,750	19,911	1,505	217,166
Telephone and Internet	3,019	1,512	4,067	6,578	614	15,790	76	387	16,253
Insurance	1,332	1,319	1,447	6,038	4,725	14,861	177	24	15,062
Donated Services	-	-	-	-	-	-	7,608	-	7,608
Printing and Postage	1,552	2,519	1,045	8,063	415	13,594	185	5,626	19,405
Depreciation and Amortization	253	366	753	3,853	50,087	55,312	13,675	43	69,030
Staff Related Costs	460	247	314	8,226	186	9,433	18,831	1,186	29,450
Dues and Subscriptions	-	-	-	-	-	-	784	80	864
Miscellaneous	2,288	1,850	4,174	8,356	12,770	29,438	69	4,064	33,571
Total Expenses by Function	$ 1,036,000	$ 591,144	$ 1,371,240	$ 5,913,559	$ 422,997	$ 9,334,940	$ 147,307	$ 78,056	$ 9,560,303

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	-	-	-	-	23,028	23,028	1,488	-	24,516
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	3,966	15,173	2,613	3,343	21,129
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 STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 176,141	$ 49,190
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	69,030	24,516
Bad Debt Expense (Recovery)	7,833	(10,842)
Noncash Lease Expense	(18,533)	25,772
Paycheck Protection Program Loan - Forgiveness	-	(256,271)
Changes in Operating Assets and Liabilities:		
Grants and Program Receivables	(1,475,863)	488,606
Client Loans Receivable	(99,478)	(5,841)
Prepaid Expenses and Deposits	(55,979)	(7,801)
Accounts Payable	152,040	45,398
Accrued Expenses	(137,854)	342,052
Deferred Revenue	196,776	(601,741)
Net Cash Provided (Used) by Operating Activities	(1,186,886)	93,038
CASH FLOWS FROM INVESTING ACTIVITIES		
Client Loans Made	(251,000)	(241,067)
Collections on Client Loans	103,393	220,556
Purchases of Property and Equipment	(112,759)	(1,439,330)
Net Cash Used by Investing Activities	(260,366)	(1,459,841)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Mortgage Loan	358,148	1,004,284
Principal Payments on Notes Payable	(70,939)	(71,542)
Net Cash Provided by Financing Activities	287,209	932,742
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,160,043)	(434,061)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	2,140,222	2,574,283
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 980,179	$ 2,140,222

See accompanying Notes to Consolidated Financial Statements.

OPENING DOORS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 47,489	$ 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	$ 646,046	$ 1,907,828
Restricted Cash and Loan Loss Reserves	334,133	232,394
Total Cash, Cash Equivalents, and Restricted Cash	$ 980,179	$ 2,140,222

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., Welcome House LLC, and Pathways to Prosperity, Inc.

Welcome House LLC

Welcome House LLC is 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, the board decided to invest a portion of the funds into a natural solution to both challenges, which was through the financing of a multi-family property by Welcome House LLC. This purchase allowed 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.

Pathways to Prosperity, Inc.

In addition to being a 501(c)(3) nonprofit, Opening Doors is a certified Community Development Financial Institution (CDFI). As a CDFI, the Agency provides microloans and business counseling to immigrants, refugees, survivors of human trafficking, and other eligible populations.

The US Treasury Department, which has oversight over CDFIs, is updating its rules governing CDFI certification. These rules assess the organizations' legal entity, primary mission, predominance of the use of the organization's assets and staff time, target market, accountability, technical assistance provision, and nongovernmental status.

While the Agency believes that they will meet most of the new rules, they do not believe they will meet the rule regarding financing, as the majority of the Agency's assets and staff time are dedicated to non-lending activities.

Therefore, the Agency is in the process of creating a separate legal entity, "Pathways to Prosperity" (P2P). The Agency has established a corporation, and in the next year will file for its nonprofit status and apply for P2P's CDFI certification.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation (Continued)

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.

Adoption of New Accounting Standards

On January 1, 2023, the Agency adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326). ASC 326 requires the application of a credit loss model based prospectively on current expected credit losses (CECL), and replaces the previous model based retrospectively on past incurred losses.

The Agency adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost, of which the Agency reported only loan receivables as of December 31, 2022. Results for reporting periods beginning January 1, 2023, are presented under ASC 326, whereas prior periods continue to be reported under previously acceptable GAAP.

Leases

The Agency leases suites in office buildings in Sacramento and Yuba, 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 program receivables 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, 2023 and 2022, two and three customers, respectively, accounted for approximately 77% and 74%, respectively, of grants and program receivables. Grants and program receivables as of December 31, 2023 and 2022, are $2,666,412 and $1,190,579, 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. The Agency carries loans receivable at the face amount less a reserve for estimated credit losses. As of December 31, 2022, and under previously acceptable GAAP, the Agency recorded an allowance for loan losses of $12,799. Going forward under ASC 326, the Agency estimates its reserve for credit losses using relevant available information from internal and external sources relating to past events, current conditions, and reasonable and supportable forecasts. As of December 31, 2023 the estimated reserve for credit losses was determined to be $11,798.

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, 2023 and 2022.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Client Loans Receivable (Continued)

Loans Receivable are summarized as the following at December 31:

	2023	2022
Wells Fargo Latino Business Loans	$ -	$ 1,737
Other Loans	108,568	32,600
Prosperity Program Microloans - SBA	312,496	218,513
Prosperity Program Refugee Microenterprise Development Loans	177,171	108,578
Subtotal	598,235	361,428
Less: Allowance for Loan Losses	11,798	12,799
Add: Accrued Loan Interest	3,448	2,004
Client Loans Receivable, Net	$ 589,885	$ 350,633
Current Portion	$ 138,590	$ 40,167
Noncurrent Portion	451,295	310,466
Total	$ 589,885	$ 350,633

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:

	2023	2022
Microloan Revolving Fund	$ 200,950	$ 86,379
Loan Loss Reserve Fund	88,447	105,639
CalCap Loan Loss Reserve Fund	44,736	40,376
Total	$ 334,133	$ 232,394

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. The Agency's 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 statements of activities and changes in net assets 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 consolidated statements of activities and changes in net assets included:

Nonfinancial Contributions Category	Type of Contributions for Beneficiaries	Valuation	Donor Restriction	2023	2022
Equipment	Cell Phones, and Laptops	Fair market value on basis of U.S. wholesale prices for identical or similar products.	No Donor Restriction	$ 630,000	$ 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	44,020	138,800
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	7,608	5,120
			Total	$ 681,628	$ 1,156,770

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 the 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 the 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 $1,779,285 and $1,894,390 that have not been recognized as of December 31, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred, with an advance payment of $560,944 and $364,168, recognized in the consolidated statements of financial position as contract liabilities as of December 31, 2023 and 2022, respectively.

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 changes in net assets 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 the consolidated 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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

Management have evaluated subsequent events through June 14, 2024, 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:

	2023	2022
Financial Assets at Year-End:		
Cash and Cash Equivalents	$ 646,046	$ 1,907,828
Grants and Program Receivables	2,666,412	1,190,549
Client Loans Receivable	589,885	350,633
Restricted Cash and Loan Loss Reserves	334,133	232,394
Total Financial Assets	4,236,476	3,681,404
Less Amounts Not Available to be Used Within One Year:		
Contractual or Donor-Imposed Restrictions:		
Restricted by Donor with Time or Purpose Restriction	445,278	242,197
Contract Liabilities	560,944	364,168
Restricted Cash and Loan Loss Reserves	334,133	232,394
Client Loan Receivable, Noncurrent Portion	451,295	310,466
Subtotal	1,791,650	1,149,225
Financial Assets Available to Meet General Expenditures Within One Year	$ 2,444,826	$ 2,532,179

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:

	2023	2022	2021	2020
Deferred Revenue - Refugee Resettlement	$ 15,446	$ 91,451	$ 703,209	$ 77,656
Deferred Revenue - Open 4 Business	38,121	114,587	257,700	-
Deferred Revenue - ILS CDSS	83,735	132,998	-	-
Deferred Revenue - Women's Recovery Response	-	25,132	-	-
Deferred Revenue - Advances	258,895	-	-	-
Deferred Revenue - CalMHSA	164,747	-	-	123,474
Deferred Revenue - Client Other	-	-	5,000	-
Total	$ 560,944	$ 364,168	$ 965,909	$ 201,130

The Agency had Contract assets in the amounts of $-0- as of December 31, 2023, 2022 and 2021. The Agency had Contract assets (unbilled revenue) in the amount of $63,560 as of December 31, 2020.

NOTE 4 ALLOWANCE FOR CREDIT LOSSES

The Agency provides loans to individuals through Program Prosperity Loans. The Agency carries loans receivable at the face amount less a reserve for estimated credit losses. As of December 31, 2022, and under previously acceptable GAAP, the Agency recorded an allowance for loan losses of $12,799. Going forward under ASC 326, the Agency estimates its reserve for credit losses using relevant available information from internal and external sources relating to past events, current conditions, and reasonable and supportable forecasts.

The following table represents the Agency's estimate expected credit loss as of December 31, 2023:

Past Due Status	Amortized Cost Basis	Historical Credit Loss Rate	Expected Credit Loss Rate	Expected Credit Loss Estimate
Current	$ 551,957	1.27%	2.07%	$ 11,418
31-60 Days Past Due	$ 30,001	0.83%	1.00%	$ 300
61-90 Days Past Due	$ -	1.38%	1.50%	$ -
More Than 90 Days Past Due	$ 7,927	0.91%	1.00%	$ 79
Total	**$ 589,885**			**$ 11,798**

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2023	2022
Land	$ 213,701	$ 213,701
Buildings	1,136,299	1,136,299
Equipment	50,420	50,420
Furniture and Fixtures	157,654	65,426
Leasehold Improvements	58,886	39,177
Software Programs	3,924	3,924
Subtotal	1,620,884	1,508,947
Less: Accumulated Depreciation	148,578	80,370
Total Property and Equipment, Net	$ 1,472,306	$ 1,428,577

Depreciation and amortization expense totaled $69,030 and $24,516 for the years ended December 31, 2023 and 2022, respectively.

NOTE 6 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, 2023 and 2022, $98,506 and $137,908, 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.

The Agency has a note payable to 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. As of December 31, 2023 and 2022, $968,919 and $1,000,456, respectively, was outstanding. The loan is secured by a deed of trust on the multi-family property for which financing was obtained.

On May 19, 2023, the Agency entered into a note agreement with the U.S. Small Business Administration (SBA) with variable interest based on the amount of micro loans made by the Agency. The note matures May 19, 2033. Monthly principal and interest payments amount to $2,591. As of December 31, 2023, $250,000 was outstanding. The loan is secured by deposit accounts.

On November 9, 2023, the Agency entered into a note agreement with the Credit Builders Alliance (CBA) with fixed interest of 2%. The note matures February 1, 2027. Annual principal and interest payments beginning on February 1, 2025 amount to $34,675. As of December 31, 2023, $100,000 was outstanding.

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, 2023 and 2022, accumulated amortization of debt issuance costs amounted to $248 and $100, respectively. Amortization expense for the years ended December 31, 2023 and 2022 are $248 and $100, respectively, and are included in interest expense.

Scheduled annual principal payments are as follows:

Year Ending December 31,	Amount
2024	$ 72,360
2025	133,094
2026	116,316
2027	99,644
2028	68,000
Thereafter	928,010
Subtotal	1,417,424
Less: Unamortized Debt Issuance Costs	(344)
Total	$ 1,417,768

NOTE 7 LINE OF CREDIT

The Agency has a $650,000 revolving line of credit with a bank, secured by accounts receivable and deposit accounts. Borrowings under the line bear interest at the bank's prime rate plus 1.00%, or a floor of 6.00% (9.50% at December 31, 2023). There were no draws on the line of credit as of December 31, 2023 and 2022.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Subject to the Passage of Time or Expenditure for Specified Purpose:		
Micro Lending	$ 102,689	$ 65,896
Loan Programs	-	21,844
Laptop Donation	295,650	121,950
Women's Literacy	35	35
Prosperity Program	34,453	32,472
Health Program	11,737	-
Survivors of Trafficking	714	-
Total Net Assets With Donor Restrictions	$ 445,278	$ 242,197

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:

	2023	2022
Purpose Restrictions Accomplished:		
Micro Lending	$ -	$ 1,932
Loan Programs	21,844	1,027
Women's Literacy	-	313
Immigration Legal Services	1,900	-
Refugee Programs	2,625	190,154
Health Programs	8,262	500
Survivors of Trafficking	287	3,559
Prosperity Program	8,019	39,397
Refugee Resettlement Property	-	50,000
Total Restrictions Released	$ 42,937	$ 286,882

NOTE 9 LEASES

Operating Leases

The Agency leases a portion of an office building under an operating lease in Sacramento, California that expires May 31, 2027, and in Yuba that expires July 31, 2025. 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, 2023 and 2022:

	2023	2022
Lease Cost:		
Operating Lease Cost	$ 251,379	$ 209,691
Short-Term Lease Cost	21,072	46,216
Total Lease Cost	$ 272,451	$ 255,907
Other Information:		
Operating Cash Flows from Operating Leases	$ 242,299	$ 183,918
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:	978,302	1,090,649
Weighted-Average Remaining Lease Term - Operating Leases	3.3 Years	4.4 Years
Weighted-Average Discount Rate - Operating Leases	4.42%	1.26%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023, is as follows:

Year Ending December 31,	Operating
2024	$ 290,025
2025	277,894
2026	261,928
2027	111,906
Total Lease Payments	941,753
Less: Interest	(64,810)
Present Value of Lease Liabilities	$ 876,943

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.

NOTE 9 LEASES (CONTINUED)

Short-Term Leases (Continued)

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 years ended December 31, 2023 and 2022 totaled $272,451 and $255,907, respectively.

NOTE 10 CONCENTRATIONS OF CREDIT AND MARKET RISK

Concentration of Grants

For the years ended December 31, 2023 and 2022, approximately 66% and 50%, respectively, of the funding for the Agency's programs was provided from grants through three and two funders, respectively.

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.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED 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, 2023, 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 June 14, 2024.

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.

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
June 14, 2024

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, 2023. 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, 2023.

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
June 14, 2024

OPENING DOORS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2023

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	$ -	$ 2,515,907
U.S. Department of Health and Human Services				
Passed through Office of Refugee Resettlement - Discretionary				
Refugee and Entrant Assistance Discretionary Grants	93.576	90RG0178	-	2,818,310
Passed through California Office of Emergency Services				
Domestic Violence American Rescue Plan Program	93.671	RP21011045	-	26,428
Passed through Sacramento Employment Training Agency				
Community Services Block Grant	93.569	N/A	59,763	59,763
U.S. Small Business Administration				
Microloan Program	59.046	N/A	-	65,062
U.S. Department of Housing and Urban Development				
Continuum of Care	14.267	N/A	-	615,407
Community Development Financial Institutions Fund				
Domestic Violence American Rescue Plan Program	21.020	N/A	-	99,033
Total Expenditures of Federal Awards			$ 59,763	$ 6,199,910

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, 2023. 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 2023 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, 2023

Section I – Summary of Auditors' Results

Section 1	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
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.