

HOPE'S FRONT DOOR

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2020**

TOGETHER WITH AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hope's Front Door:

We have audited the accompanying financial statements of Hope's Front Door, which comprise the statement of cash receipts and disbursements, and the related statement of functional expenses as of June 30, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors of
Hope's Front Door
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Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the cash receipts and disbursements and functional expenses of Hope's Front Door as of June 30, 2020, in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

A handwritten signature in black ink, appearing to read "Dugan & Lopatka". The signature is written in a cursive, flowing style.

DUGAN & LOPATKA

Warrenville, Illinois
October 26, 2020

HOPE'S FRONT DOOR
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

CASH RECEIPTS:	
Contributions	\$ 165,849
Grants	51,912
Special events	45,299
Proceed from forgivable loan under the SBA cares act	16,510
Other income	71
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Total cash receipts	279,641
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CASH DISBURSEMENTS:	
Program -	
Immediate Assistance and Special Needs	81,185
BAP	25,545
Health Fund	27,616
Pathways to Employment	21,585
Management and general	57,940
Fundraising	10,179
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Total cash disbursements	224,050
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INCREASE IN CASH	55,591
BEGINNING CASH	126,969
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ENDING CASH	\$ 182,560
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The accompanying notes are an integral part of this statement.

HOPE'S FRONT DOOR
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

	Program Expenses							Total
	Immediate Assistance and Health & Wellness	BAP	Health Fund	Pathways to Employment	Total Program	Management and General	Fundraising	
Payroll expense	\$ 6,115	\$ 18,200	\$ 12,085	\$ 18,200	\$ 54,600	\$ 27,458	\$ 1,251	\$ 83,309
Rent expense	9,046	3,385	4,492	3,385	20,308	2,215	-	22,523
Legal and professional fees	-	-	-	-	-	5,900	-	5,900
Insurance	-	-	-	-	-	3,573	-	3,573
Printing	-	-	-	-	-	1,228	4,935	6,163
Postage	-	-	-	-	-	496	500	996
Office equipment, supplies, copying	330	-	-	-	330	2,960	-	3,290
Computer expenses	-	-	-	-	-	5,311	-	5,311
Telephone and internet	3,426	-	-	-	3,426	-	-	3,426
Dues and memberships	-	-	-	-	-	670	-	670
Miscellaneous program expense	241	-	139	-	380	6,756	-	7,136
Other expenses	12	-	-	-	12	1,012	130	1,154
Grant award match	140	1,110	-	-	1,250	-	-	1,250
Special needs:								
Clothing	445	-	69	-	514	-	-	514
Vision	-	-	6,936	-	6,936	-	-	6,936
Dental	-	-	250	-	250	-	-	250
Pharmacy	-	-	3,645	-	3,645	-	-	3,645
Medical	-	-	-	-	-	-	-	-
Immediate assistance:								
Gasoline vouchers	32,965	2,850	-	-	35,815	-	-	35,815
Grocery and meal vouchers	22,405	-	-	-	22,405	-	-	22,405
Bus/Train vouchers	6,060	-	-	-	6,060	-	-	6,060
Fundraising expenses	-	-	-	-	-	361	3,363	3,724
	<u>\$ 81,185</u>	<u>\$ 25,545</u>	<u>\$ 27,616</u>	<u>\$ 21,585</u>	<u>\$ 155,931</u>	<u>\$ 57,940</u>	<u>\$ 10,179</u>	<u>\$ 224,050</u>

The accompanying notes are an integral part of this statement.

HOPE'S FRONT DOOR
NOTES TO FINANCIAL STATEMENTS - CASH BASIS
JUNE 30, 2020

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Hope's Front Door (formerly Walk-In Ministry of Hope) is an Illinois not-for-profit corporation located in Downers Grove, Illinois. Hope's Front Door provides immediate assistance to working poor families, unemployed, underemployed, homeless, disabled, and senior citizens. Immediate assistance is in the form of food, medicine and gasoline vouchers, bus and train tickets, eyeglasses and eye exam financial assistance, and dental help.

Hope's Front Door also provides financial literacy education and budget counseling through their Budgeting Assistance Program and assists with job search strategies/employment through the Pathways to Employment Program. Hope's Front Door also directs people to the network of various agencies in DuPage County that offer food pantries, shelter services.

The financial statements were available to be issued on October 26, 2020, with subsequent events being evaluated through this date.

Basis of Accounting -

The accompanying financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized.

The cash basis differs from generally accepted accounting principles primarily because the effects of outstanding payables and receivables at the date of the financial statements are not included in the financial statements.

Expense Allocation -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses, rent, and printing, which are allocated on the basis of time and effort.

Estimates -

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
(Continued)

Revenue Recognition -

Hope's Front Door recognizes contributions when cash, securities or other assets are received. Hope's Front Door reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-imposed contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

The balance of cash receipts with donor restrictions as of June 30, 2020 was as follows:

	<u>BAP</u>
Cash receipts with donor restrictions, beginning of year	\$ 7,732
Cash receipts	3,750
Cash disbursements	<u>(4,100)</u>
Cash receipts with donor restrictions, end of year	<u>\$ 7,382</u>

During the year ended June 30, 2020, Hope's Front Door received two restricted grants from two foundations totaling \$25,000. These funds were fully expended as of June 30, 2020 therefore these grants are not shown as restricted at June 30, 2020.

Contributed Services -

A substantial number of unpaid volunteers have made significant contributions of their time to Hope's Front Door. These volunteers have a significant impact on making Hope's Front Door effective. Initial training is provided to volunteers in addition to periodic refresher and update classes. Trained volunteers listen to clients, determine their immediate needs, discuss referrals to other agencies and arrange for voucher support to address immediate concerns. Contributed services are noncash transactions which are not recognized under the cash basis of accounting.

Income Taxes -

Hope's Front Door is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and state laws. Accordingly, no provision for income taxes has been established. Hope's Front Door files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, Hope's Front Door is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2017. Hope's Front Door does not expect a material net change in unrecognized tax benefits in the next twelve months.

(2) LEASE COMMITMENTS:

Hope's Front Door leases its office space from an unrelated party. The lease expires in December 2021. Total rent expense for the year ended June 30, 2020 was \$22,523.

Minimum lease payments due for the years ending June 30 are as follows:

2021	\$	22,974
2022		11,601

(3) NOTE PAYABLE:

	<u>2020</u>
Payroll Protection Program (PPP) loan payable to a bank as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, interest at 1% with the amount to be repaid in 18 installments beginning November 2020 with the final payment due April 2022.	\$ <u>16,510</u>
Less - current maturities	<u>7,338</u>
	<u>\$ 9,172</u>

Aggregate maturities required on long-term debt as of June 30, 2020, are due in future years as follows:

<u>Years ending June 30,</u>	
2021	\$ 7,338
2022	9,172

As part of the loan agreement, the entire loan or a portion can be forgiven. Hope's Front Door intends to maximize the forgivable portion of this loan. Any unforgivable portion of the loan that is repaid will be listed under cash disbursement when paid.

(4) CONCENTRATION:

During the year ended June 30, 2020, contributions from one donor comprised approximately 15% of total contribution and grant support.

(5) LIQUIDITY AND AVAILABILITY:

Hope's Front Door's financial assets consist of cash, which had a balance of \$182,560 on June 30, 2020. Hope's Front Door receives contributions regularly, which are enough to meet monthly expenses.

(6) MANAGEMENT RESPONSE TO COVID-19 PANDEMIC:

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As part of these mitigation measures, the Organization is concentrating on providing immediate, emergency assistance to those whose health and finances have been affected. These services include food, transportation, medication, medical supplies, healthcare, and personal hygiene items. During the pandemic, Hope's Front Door has increased the amount of financial assistance, allowed additional client visits, tailored their financial literacy and employment education programs, and focus on the long-term financial recovery needs of its participants. Management cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the financial statements in fiscal year 2021.