The Door - A Center of Alternatives, Inc.

Independent Auditor's Report and Financial Statements

June 30, 2022 and 2021

The Door - A Center of Alternatives, Inc.
June 30, 2022 and 2021

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Independent Auditor's Report

Board of Directors
The Door - A Center of Alternatives, Inc.
New York, New York

Opinion

We have audited the financial statements of The Door - A Center of Alternatives, Inc., which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Door - A Center of Alternatives, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Door - A Center of Alternatives, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Door - A Center of Alternatives, Inc.'s ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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, 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 The Door - A Center of Alternatives, 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 The Door - A Center of Alternatives, Inc.'s ability to continue as a going concern for a reasonable period of time.

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.

FORVIS, LLP

New York, New York
August 1, 2023

The Door - A Center of Alternatives, Inc.

Statements of Financial Position

June 30, 2022 and 2021

		2022		2021
Assets				
Cash and cash equivalents	$	2,031,187	$	514,270
Investments		25,485,230		39,907,853
Government grants and contracts receivables, net		8,001,937		7,220,701
Accounts receivable		177,583		200,052
Due from former affiliate		786,989		757,975
Loan receivable from related party		54,630		-
Contributions receivable, net		2,809,225		2,799,000
Prepaid expenses and other assets		602,564		255,634
Property and equipment, net		12,316,331		13,511,310
Total assets	$	52,265,676	$	65,166,795
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	$	1,027,951	$	2,113,152
Accrued payroll and related liabilities		956,532		1,410,266
Amounts held for others		559,431		559,431
Due to related parties		1,882,836		654,418
Note payable		1,400,000		1,400,000
Refundable advance		-		2,547,020
Due to government agencies		-		12,947,812
Total liabilities		5,826,750		21,632,099
Net Assets				
Without donor restrictions		41,900,245		38,542,395
With donor restrictions		4,538,681		4,992,301
Total net assets		46,438,926		43,534,696
Total liabilities and net assets	$	52,265,676	$	65,166,795

The Door - A Center of Alternatives, Inc.

Statements of Activities

Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues and Other Support						
Private and government support						
Private contributions	$ 9,196,196	$ -	$ 9,196,196	$ 1,027,624	$ -	$ 1,027,624
Foundation and corporate contributions	822,080	5,715,105	6,537,185	1,585,829	6,126,602	7,712,431
Contributed services	1,795,160	-	1,795,160	1,339,200	-	1,339,200
Special events, net of expenses of $27,458 in 2022 and $58,497 in 2021	738,285	-	738,285	762,533	-	762,533
Government grants and contracts	-	18,359,650	18,359,650	-	15,266,878	15,266,878
Total private and government support	12,551,721	24,074,755	36,626,476	4,715,186	21,393,480	26,108,666
Other operating revenues						
Clinic fees	1,942,108	-	1,942,108	1,787,969	-	1,787,969
Condo management fees	192,000	-	192,000	192,000	-	192,000
Broome Street Academy management fees	498,521	-	498,521	662,547	-	662,547
Rental income, net	850,748	-	850,748	520,512	-	520,512
Interest and dividends	677,546	-	677,546	1,007,844	-	1,007,844
Total other operating revenues	4,160,923	-	4,160,923	4,170,872	-	4,170,872
Net assets released from restrictions for operations	24,528,375	(24,528,375)	-	19,228,022	(19,228,022)	-
Total operating revenues and other support	41,241,019	(453,620)	40,787,399	28,114,080	2,165,458	30,279,538
Operating Expenses						
Program services						
Mental health and personal development	3,731,561	-	3,731,561	6,113,185	-	6,113,185
Career and education services	9,017,567	-	9,017,567	7,678,048	-	7,678,048
Health center	6,429,238	-	6,429,238	4,838,328	-	4,838,328
Legal	6,423,840	-	6,423,840	5,190,421	-	5,190,421
Nutrition	535,460	-	535,460	330,778	-	330,778
Total program services	26,137,666	-	26,137,666	24,150,760	-	24,150,760

The Door - A Center of Alternatives, Inc.

Statements of Activities (Continued)

Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Expenses (continued)						
Supporting services						
Management and general	$ 8,207,959	$ -	$ 8,207,959	$ 11,047,960	$ -	$ 11,047,960
Fundraising	1,528,460	-	1,528,460	793,162	-	793,162
Total supporting services	9,736,419	-	9,736,419	11,841,122	-	11,841,122
Total operating expenses	35,874,085	-	35,874,085	35,991,882	-	35,991,882
Change in Net Assets from Operations	5,366,934	(453,620)	4,913,314	(7,877,802)	2,165,458	(5,712,344)
Nonoperating Revenues, Gains, and Losses						
Miscellaneous	117,006	-	117,006	11,333	-	11,333
Realized and unrealized gains (losses) on investments	(2,126,090)	-	(2,126,090)	7,043,665	-	7,043,665
Settlement loss	-	-	-	(12,947,812)	-	(12,947,812)
Total nonoperating revenues, gains, and losses	(2,009,084)	-	(2,009,084)	(5,892,814)	-	(5,892,814)
Change in Net Assets Before Other Items	3,357,850	(453,620)	2,904,230	(13,770,616)	2,165,458	(11,605,158)
Separation settlement expense	-	-	-	(6,736,722)	-	(6,736,722)
Change in Net Assets	3,357,850	(453,620)	2,904,230	(20,507,338)	2,165,458	(18,341,880)
Net Assets, Beginning of Year	38,542,395	4,992,301	43,534,696	59,049,733	2,826,843	61,876,576
Net Assets, End of Year	$ 41,900,245	$ 4,538,681	$ 46,438,926	$ 38,542,395	$ 4,992,301	$ 43,534,696

The Door - A Center of Alternatives, Inc.

Statements of Functional Expenses

Years Ended June 30, 2022 and 2021

	2022									
	Program Services						Supporting Services			
	Mental Health and Personal Development	Career and Education Services	Health Center	Legal	Nutrition	Total Program Services	Management and General	Fundraising	Direct Cost of Special Events	Total Expenses
Salaries and related benefits	$ 1,484,183	$ 4,444,719	$ 3,714,891	$ 3,023,337	$ 274,048	$ 12,941,178	$ 2,998,858	$ 970,338	$ -	$ 16,910,374
Payroll taxes and employee benefits	523,351	1,675,859	1,219,089	1,028,375	94,238	4,540,912	1,073,149	285,937	-	5,899,998
Total salaries and related expenses	2,007,534	6,120,578	4,933,980	4,051,712	368,286	17,482,090	4,072,007	1,256,275	-	22,810,372
Professional fees	157,524	955,853	358,246	87,261	63,964	1,622,848	1,929,983	48,478	-	3,601,309
In-kind legal	-	-	-	1,795,160	-	1,795,160	-	-	-	1,795,160
Grants expense	720,000	-	-	-	-	720,000	-	-	-	720,000
Occupancy	80,618	663,929	176,121	99,113	12,529	1,032,310	575,208	51,232	-	1,658,750
Office and miscellaneous expenses	45,606	89,835	297,360	49,104	2,961	484,866	146,357	64,778	-	696,001
Youth events and wrap around moneys	223,900	151,191	33,025	30,152	4,080	442,348	4,022	61	-	446,431
Equipment maintenance	46,028	170,573	175,595	38,600	1,959	432,755	239,088	16,740	-	688,583
Stipends and incentives	3,940	169,267	5,624	1,135	2,100	182,066	1,996	42	-	184,104
Equipment purchased	37,436	57,385	32,267	13,289	5,169	145,546	49,216	5,103	-	199,865
Conferences and meetings	1,874	24,229	4,916	22,854	555	54,428	37,171	9,737	-	101,336
Telephone	91,174	218,423	144,223	57,605	2,555	513,980	173,097	31,551	-	718,628
Food	21,884	27,801	3,891	2,256	52,726	108,558	16,803	487	-	125,848
Insurance	10,331	35,975	30,529	35,596	1,835	114,266	5,893	5,223	-	125,382
Membership and travel	4,901	8,518	16,604	9,889	158	40,070	59,168	484	-	99,722
Event productions	-	-	-	-	-	-	-	-	27,458	27,458
Bad debt expense	-	-	-	-	-	-	626,966	-	-	626,966
Total expenses before depreciation	3,452,750	8,693,557	6,212,381	6,293,726	518,877	25,171,291	7,936,975	1,490,191	27,458	34,625,915
Depreciation	278,811	324,010	216,857	130,114	16,583	966,375	270,984	38,269	-	1,275,628
Total expenses	3,731,561	9,017,567	6,429,238	6,423,840	535,460	26,137,666	8,207,959	1,528,460	27,458	35,901,543
Less expenses deducted directly from revenues										
Direct cost of special events	-	-	-	-	-	-	-	-	(27,458)	(27,458)
Total expenses reported by function on the statements of activities	$ 3,731,561	$ 9,017,567	$ 6,429,238	$ 6,423,840	$ 535,460	$ 26,137,666	$ 8,207,959	$ 1,528,460	$ -	$ 35,874,085

The Door - A Center of Alternatives, Inc.

Statements of Functional Expenses (Continued)

Years Ended June 30, 2022 and 2021

	2021									
	Program Services						Supporting Services			
	Mental Health and Personal Development	Career and Education Services	Health Center	Legal	Nutrition	Total Program Services	Management and General	Fundraising	Direct Cost of Special Events	Total Expenses
Salaries and related benefits	$ 3,191,936	$ 4,188,650	$ 2,871,100	$ 2,472,070	$ 172,452	$ 12,896,208	$ 2,785,961	$ 507,838	$ -	$ 16,190,007
Payroll taxes and employee benefits	1,036,190	1,534,571	918,773	784,273	48,413	4,322,220	782,579	126,849	-	5,231,648
Total salaries and related expenses	4,228,126	5,723,221	3,789,873	3,256,343	220,865	17,218,428	3,568,540	634,687	-	21,421,655
Professional fees	673,283	496,173	197,515	92,014	26,754	1,485,739	2,001,073	33,421	-	3,520,233
In-kind legal	-	-	-	1,339,200	-	1,339,200	-	-	-	1,339,200
Grants expense	330,052	-	-	-	-	330,052	-	-	-	330,052
Occupancy	119,382	457,662	159,444	98,773	11,773	847,034	476,538	23,848	-	1,347,420
Office and miscellaneous expenses	43,544	55,035	214,000	43,600	32,233	388,412	247,610	15,791	-	651,813
Youth events and wrap around moneys	281,507	57,770	11,137	18,638	-	369,052	41,297	91	-	410,440
Equipment maintenance	74,640	116,446	131,137	29,294	727	352,244	238,681	22,990	-	613,915
Stipends and incentives	9,086	376,067	9,617	265	7,992	403,027	25,413	-	-	428,440
Equipment purchased	31,677	47,481	7,557	22,565	657	109,937	208,664	8,376	-	326,977
Conferences and meetings	12,710	35,456	6,101	43,826	-	98,093	108,887	637	-	207,617
Telephone	67,543	77,224	52,114	19,837	850	217,568	183,145	12,419	-	413,132
Food	5,921	1,523	108	805	15,713	24,070	5,463	-	-	29,533
Insurance	17,211	27,086	27,850	38,010	984	111,141	6,505	2,074	-	119,720
Membership and travel	14,462	2,657	12,765	6,266	-	36,150	123,958	269	-	160,377
Event productions	-	-	-	-	-	-	-	-	58,497	58,497
Bad debt expense	-	-	-	-	-	-	3,466,846	-	-	3,466,846
Total expenses before depreciation	5,909,144	7,473,801	4,619,218	5,009,436	318,548	23,330,147	10,702,620	754,603	58,497	34,845,867
Depreciation	204,041	204,247	219,110	180,985	12,230	820,613	345,340	38,559	-	1,204,512
Total expenses	6,113,185	7,678,048	4,838,328	5,190,421	330,778	24,150,760	11,047,960	793,162	58,497	36,050,379
Less expenses deducted directly from revenues										
Direct cost of special events	-	-	-	-	-	-	-	-	(58,497)	(58,497)
Total expenses reported by function on the statements of activities	$ 6,113,185	$ 7,678,048	$ 4,838,328	$ 5,190,421	$ 330,778	$ 24,150,760	$ 11,047,960	$ 793,162	$ -	$ 35,991,882

The Door - A Center of Alternatives, Inc.

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	$ 2,904,230	$ (18,341,880)
Items not requiring (providing) operating cash flows		
Depreciation and amortization	1,275,628	1,204,512
Realized and unrealized losses (gains) on investments	2,126,090	(7,043,665)
Contributions and investment income received restricted for acquisition of long-lived assets	-	(50,000)
Bad debt expense	626,966	3,466,846
Forgiveness of amounts due from former affiliates	-	1,336,721
Separation fee	-	5,400,000
Changes in		
Government grants and other receivables	(1,408,202)	(613,688)
Accounts receivable	22,469	(200,052)
Due to/from related parties	1,228,418	1,882,585
Due from former affiliates	(29,014)	(2,094,696)
Contributions receivable	(64,855)	(2,244,331)
Prepaid expenses and other assets	(346,930)	443,219
Accounts payable and accrued expenses	(1,085,201)	636,092
Accrued vacation	(453,734)	(608,527)
Refundable advance	(2,547,020)	-
Due to government agencies	(12,947,812)	12,947,812
Net cash used in operating activities	(10,698,967)	(3,879,052)
Investing Activities		
Proceeds from sale of investments	14,529,380	6,958,992
Purchases of investments	(2,232,847)	(1,403,397)
Purchases of equipment	(80,649)	(860,357)
Proceeds from contributions for long-lived assets	-	50,000
Net cash provided by investing activities	12,215,884	4,745,238
Financing Activities		
Payments made on separation	-	(2,000,000)
Payments made on related party note payable	-	(2,000,000)
Net cash used in financing activities	-	(4,000,000)
Increase (Decrease) in Cash and Cash Equivalents	1,516,917	(3,133,814)
Cash and Cash Equivalents, Beginning of Year	514,270	3,648,084
Cash and Cash Equivalents, End of Year	$ 2,031,187	$ 514,270
Supplemental Cash Flow Information		
Issuance of note payable	$ -	$ 3,400,000

Note 1: Nature and Purpose of Organization

The Door - A Center of Alternatives, Inc. (The Door) is a multi-service youth development agency, founded in 1972, with the goal of providing a full range of integrated services to any adolescent between the ages of 12 and 21. Each year, thousands of young people come to The Door for primary, reproductive, and prenatal healthcare; career development and job placement services; mental health counseling; legal services; Graduate Equivalent Degree and English as a Second Language classes; leadership development; tutoring and homework help; college preparation and computer classes; daily meals; art; music instruction, and more.

The primary programs of The Door include providing the following services: mental health and personal development, career and education, health center, legal, and nutrition. The Door's revenues and other support are derived principally from contributions and government grants.

Prior to the separation agreement (see *Note 19*), University Settlement Society (USS) was the sole member of The Door. The organizations had a Management Services agreement, whereby The Door paid USS for services related to executive leadership, finances, facilities, HR, IT, and development. The organizations additionally entered into joint agreements with certain vendors where costs were shared and paid by one entity pending reimbursement by the other.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Door considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents. At June 30, 2022 and 2021, cash equivalents consisted primarily of money market accounts with banks.

At June 30, 2022, The Door's cash accounts exceeded federally insured limits by approximately $1,818,000.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers, of which The Door has an unconditional right to receive. The Door provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Interest income is not accrued or recorded on outstanding accounts receivable. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. The allowance for doubtful accounts was $1,218,000 as of June 30, 2022 and $2,100,000 as of June 30, 2021.

Investments and Net Investment Return

The Door measures securities, other than investments that qualify for the equity method of accounting, at fair value. Investments in limited partnerships are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments.

Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year are recorded as revenue with donor restrictions and then released from restriction. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

Property and equipment acquisitions over $5,000 are stated at cost, less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings and improvements	5–50 years
Furniture, fixtures, and equipment	3–10 years

Long-Lived Asset Impairment

The Door evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended June 30, 2022 and 2021.

Refundable Advance

The Door received $2,547,020 in a Paycheck Protection Program (PPP) loan established by the CARES Act and has elected to account for the funding as a refundable advance by applying Accounting Standards Codification (ASC) Topic 958-605, *Revenue Recognition*. Revenue is recognized when conditions are met, which include meeting FTE and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. The Door received formal forgiveness of the full amount of the PPP loan on August 20, 2021 and recorded the forgiveness of PPP loan as government grants and contracts revenues on the 2022 statement of activities.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are 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 special purposes.

Net assets with donor restrictions are subject to donor restrictions. Some 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to The Door either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on The Door overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.*, the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-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 statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

Government Grants and Contracts

Support funded by grants is recognized as The Door meets the conditions prescribed by the grant agreement, performs the contracted services, or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Payments received in excess of revenue earned are recorded as advances under government grants. Management has recorded an allowance for doubtful accounts on grants receivables of approximately $1,200,000 and $2,140,000 as of June 30, 2022 and 2021, respectively.

Change in Net Assets from Operations

Change in net assets from operations includes all revenues and expenses except for rental income, realized and unrealized gains on investments, and other activities considered to be of an unusual or nonrecurring nature.

Income Taxes

The Door is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, The Door is subject to federal income tax on any unrelated business taxable income.

The Door files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities in net assets. The statements of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program and management and general categories based on square footage, time and effort, and other methods.

Changes in Accounting Principles

In 2022, The Door adopted ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the statements of activities and disclosures within the notes to the financial statements about the valuation, methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets.

Note 2: Revenue from Contracts with Customers

Clinic Fees

Revenue from contracts with customers for clinic fees is reported at the amount that reflects the consideration to which The Door expects to be entitled in exchange for providing health care services. These amounts are due from third-party payors (including health insurers and governmental programs) and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, The Door bills third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Management Fees

Revenue from contracts with customers for management fees is reported at the amount that reflects the consideration to which The Door expects to be entitled in exchange for providing management services. These amounts are due from customers. Revenue is recognized as performance obligations are satisfied, which is ratably over the term of the agreement. The Door believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Transaction Price and Recognition

The Door determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors and implicit price concessions provided to uninsured customers. The Door determines its estimates of explicit price concessions based on its discount policies. The Door determines its estimate of implicit price concessions based on its historical collection experience with this class of customers.

From time to time, The Door will receive overpayments of customer balances resulting in amounts owed back to either the customers or third parties. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of June 30, 2022 and 2021, there was no refund liability.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. For the years ended June 30, 2022 and 2021, there was no additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of an adverse change in the customer's ability to pay are recorded as bad debt expense.

The Door has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, governmental programs and others) that have different reimbursement and payment methodologies
- The Door's line of business that provided the service

For the years ended June 30, 2022 and 2021, The Door recognized revenue of $2,632,629 and $2,642,516, respectively, from services that transfer to the customer over time.

Contract Balances

The following table provides information about The Door's receivables, contract assets, and contract liabilities from contracts with customers:

	2022	2021
Accounts receivable, beginning of year	$ 351,264	$ 469,807
Accounts receivable, end of year	177,583	351,264

Financing Component

The Door has elected the practical expedient allowed under the Financial Accounting Standards Board (FASB) ASC 606-10-32-18 and does not adjust the promised amount of consideration from clients and third parties for the effects of a significant financing component due to The Door's expectation that the period between the time the service is provided to a client and the time the client or a third-party payor pays for that service will be one year or less.

Contract Costs

The Door has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental client contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that The Door otherwise would have recognized is one year or less in duration.

Note 3: Contributions Receivable

Contributions receivable consisted of the following:

	2022	2021
Due within one year	$ 1,628,696	$ 1,859,500
Due within one to five years	1,215,000	939,500
	2,843,696	2,799,000
Less unamortized discount	(34,471)	-
	$ 2,809,225	$ 2,799,000

The discount rate 2.92% for 2022. The discount was deemed immaterial and therefore not recognized for 2021.

The difference between the amounts pledged and collected has historically been insignificant. Accordingly, no provision has been made for uncollectible amounts.

Note 4: Government Contracts Receivable and Future Commitments

Government grants received are conditional upon incurring allowable expenditures as specified in the contract. The Door receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of The Door are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2022 have been recorded as receivables. Following are the grant commitments that extend beyond June 30, 2022:

Grant	Term	Grant Amount	Earned/ Forfeited Through 2022	Funding Available
Public Health Solutions of NYC	03/01/2022–03/31/2027	$ 629,684	$ 81,326	$ 548,358
NYC Department of Health and Mental Hygiene	01/01/2020–12/31/2023	1,178,766	785,814	392,952
U.S. Department of Agriculture	10/01/2020–09/30/2023	40,000	10,698	29,302
NYS Department of Health	01/01/2019–12/31/2023	4,480,742	3,313,409	1,167,333
NYS Interest on Lawyer Account	04/01/2021–03/31/2023	275,000	176,490	98,510
NYS Office of Court Administration	01/01/2022–03/31/2023	249,035	94,127	154,908
NYS Department of Labor	02/01/2022–06/30/2023	250,000	66,897	183,103
Criminal Justice Investment Initiative ("CJII")	03/01/2018–02/28/2023	1,798,186	1,603,999	194,187
U.S. Department of Health & Human Services	03/30/2021–03/31/2023	4,600,027	3,011,616	1,588,411
		$ 13,501,440	$ 9,144,376	$ 4,357,064

Note 5: CARES Act Provider Relief Fund

The Provider Relief Fund (PRF) was created by the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) to support health care providers across the United States through the distribution of $175 billion in relief funds by HHS. During the year ended June 30, 2021, The Door expended $128,084 in distributions received from the Provider Relief Fund.

These distributions from the PRF are not subject to repayment, provided The Door is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by the Department of Health and Human Services.

The Door accounts for such payments as conditional contributions in accordance with ASC Topic 958-605, *Revenue Recognition*. Payments are recognized as grant revenue once the applicable terms and conditions required to retain the funds have been substantially met. Based on an analysis of the compliance and reporting requirements of the PRF and the effect of the COVID-19 pandemic on The Door's revenues and expenses through June 30, 2021, The Door recognized $128,084 during the year ended June 30, 2021 related to the distributions received from the PRF. These amounts are recorded as grant revenue in the accompanying statements of activities.

The Door will continue to monitor compliance with the terms and conditions of the PRF and the effect of the pandemic on The Door's revenues and expenses. The terms and conditions governing the PRF are complex and subject to interpretation and change. If The Door is unable to attest to or comply with current or future terms and conditions, The Door's ability to retain some or all of the distributions received may be affected. PRF payments are subject to government oversight, including potential audits.

Note 6: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2022 and 2021:

	Total	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV(A)
June 30, 2022					
Mutual funds					
Equities	$ 11,122,702	$ 11,122,702	$ -	$ -	$ -
Fixed income	7,238,112	7,238,112	-	-	-
Exchange traded funds	1,561,854	1,561,854	-	-	-
Limited partnerships	4,391,466	-	-	-	4,391,466
Total investments at fair value	24,314,134	$ 19,922,668	$ -	$ -	$ 4,391,466
Cash and cash equivalents	1,171,096				
Total investments	$ 25,485,230				

	Total	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV(A)
June 30, 2021					
Mutual funds					
Equities	$ 23,295,193	$ 23,295,193	$ -	$ -	$ -
Fixed income	9,951,040	9,951,040	-	-	-
Exchange traded funds	1,932,672	1,932,672	-	-	-
Hedge funds	833,309	-	-	-	833,309
Limited partnerships	3,472,058	-	-	-	3,472,058
Total investments at fair value	39,484,272	$ 35,178,905	$ -	$ -	$ 4,305,367
Cash and cash equivalents	423,581				
Total investments	$ 39,907,853				

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2022 and 2021. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Alternative Investments

Investments in certain entities measured at fair value using the net asset value per share as a practical expedient consist of the following:

	2022			
	Fair Value	**Unfunded Commitment**	**Redemption Frequency**	**Redemption Period Notice**
Limited partnerships (B)	$ 4,391,466	$ -	N/A	N/A

	2021			
	Fair Value	**Unfunded Commitment**	**Redemption Frequency**	**Redemption Period Notice**
Hedge funds (A)	$ 833,309	$ -	Monthly/ Quarterly/ Semi-Annually	50–95 days
Limited partnerships (B)	3,472,058	-	N/A	N/A

(A) Investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The funds' composite portfolio includes investments in U.S. and global securities, global real estate projects, and arbitrage investments.

(B) Investments in partnerships that seek to build a diversified multi-vintage year private equity portfolio focused on investments in corporate finance, venture capital, growth equity, and real estate.

Note 7: Property and Equipment

Property and equipment at June 30, 2022 and 2021:

	2022	2021
Land	$ 832,400	$ 832,400
Buildings and improvements	26,492,801	26,473,449
Furniture and equipment	3,341,761	3,302,939
Construction in progress	124,006	101,531
	30,790,968	30,710,319
Less accumulated depreciation and amortization	(18,474,637)	(17,199,009)
	$ 12,316,331	$ 13,511,310

Note 8: Funds Held for Others

During fiscal year 2019, The Door abandoned a project to expand the building. However, the developer's obligations were not fully satisfied and funds were transferred to The Door to cover the estimated remaining amount of $1,030,258. Of these costs, $559,431 has not yet been paid and is included as funds held for others on the statements of financial position at June 30, 2022 and 2021.

Note 9: Line of Credit

The Door has a $10,000,000 revolving line of credit expiring on December 31, 2022. At June 30, 2022, there were no borrowings against this line. The line is collateralized by a portion of The Door's investment assets. Interest varies with the Variable Interest Rate plus the Applicable Variable Rate Margin of 1.2%, and is payable monthly. The Variable Interest Rate is a floating rate of interest that is subject to change daily. Upon expiration, the line of credit was not renewed.

Note 10: Lease Commitments and Revenue

Noncancellable operating leases for office space expire in various years through 2023. These leases generally contain renewal options for periods up to five years and require The Door to pay all executory costs (property taxes, maintenance, and insurance). A portion of the leased space is subleased under a lease expiring over the next year.

Future minimum lease payments at June 30, 2022 were:

2023	$ 13,542

Rent expense for the years ended June 30, 2022 and 2021 was $410,127 and $261,165, respectively.

Minimum future rentals receivable under noncancellable operating subleases at June 30, 2022 were:

2023	$ 824,769

Note 11: Net Assets

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

	2022	2021
Subject to expenditure for specified purpose		
Career and education services	$ 637,893	$ 1,390,612
Counseling, housing, and arts	347,205	310,620
Legal	79,167	337,069
Promises to give, the proceeds of which have been restricted by donors for		
Career and education services	1,709,000	1,879,000
Counseling, housing, and arts	680,000	85,000
Legal	150,000	-
Health	150,000	65,000
	3,753,265	4,067,301
Subject to the passage of time		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	120,225	625,000
Contributions received restricted by the passage of time	365,191	-
Cash reserve fund	300,000	300,000
Net assets with donor restrictions	$ 4,538,681	$ 4,992,301

Net assets without donor restrictions at June 30 have been designated for the following purposes:

	2022	2021
Undesignated for general use	$ 13,649,449	$ (6,741,329)
Designated by the Board for special purposes	15,934,465	31,772,414
Invested in property and equipment, net of related debt	12,316,331	13,511,310
Net assets without donor restrictions	$ 41,900,245	$ 38,542,395

Note 12: Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

The Door receives contributed legal services for use in its legal program. The Door estimates the fair value of these services on the basis of purchasing similar services in the United States. Contributed legal services do not have donor restrictions. For the years ended June 30, 2022 and 2021, contributed legal services were $1,795,160 and $1,339,200, respectively.

Note 13: Related-Party Transactions

In June 2011, The Door helped launch Broome Street Academy Charter High School (BSA) by working with BSA's founding board to complete the application process to be authorized by SUNY Charter Schools Institute. Broome Street Academy received authorization from SUNY in October 2010 and became a 501 (c)(3) registered organization in September 2011. The Door, which is the sole member of BSA, continues to support the school with administrative support (fiscal, development, and human resources). As of the years ended June 30, 2022 and 2021, The Door owed BSA a balance of $1,788,902 and $654,418, respectively, which is included as due to related parties on the statements of financial position.

In July 2012, The Door and BSA entered into a management agreement. Under the terms of the agreement, The Door will provide management and administrative services to BSA for a fee. Management fees of $498,521 and $417,981 were charged to BSA for the fiscal years ended June 30, 2022 and 2021, respectively. Additionally, BSA paid The Door $131,781 and $244,566 for shared services during the years ended June 30, 2022 and 2021, respectively.

In May 2011, The Door and BSA entered into a lease agreement for The Door to provide leased space to BSA that renews annually. The Door received rental income of $850,748 and $520,512 for the years ended June 30, 2022 and 2021, respectively, and incurred related expenses of $157,613 in both 2022 and 2021. The lease was extended and is set to expire on June 30, 2023.

During the years ended June 30, 2022 and 2021, The Door and BSA held a joint special fundraising event. The Door's gross share of revenue from this event amounted to $765,743 and $821,030, respectively, in 2022 and 2021. The Door reported its share of revenue from this special event in the statements of activities, net of its share of expenses of $27,458 and $58,497 for the years ended June 30, 2022 and 2021, respectively.

The Door owns 82.94% of the units of the 121 6th Avenue Condominium (the Condominium). The Door was assessed $474,684 in condominium fees for the years ended June 30, 2022 and 2021. The Door provides management services to the Condominium and received $192,000 in management fees for the years ended June 30, 2022 and 2021. Assessment fees payable as of June 30, 2022 was $93,934. No assessment payable was due as of June 30, 2021.

In 2022, The Door entered into an agreement with the Condominium to loan it $682,300 to repair the roof. The loan is to be repaid over 24 months and final payment is due May 2023. The loan bears interest at 4.5% per annum. Principal and interest payments are due monthly. The balance of the loan is $54,630 as of June 30, 2022.

Note 14: Cash Reserve

On December 12, 1988, De Witt Wallace Reader's Digest Fund, Inc. (DWRD) entered into an agreement with The Door to establish a $300,000 cash reserve fund. The fund was established by a $300,000 gift from DWRD, which DWRD designated as a fund that would exist in perpetuity. The Door is allowed to draw on the principal of the fund to meet temporary cash flow needs provided, however, that by December 31 of each year, the principal of the fund is restored to its original balance. There were no borrowings against the fund during the years ended June 30, 2022 and 2021.

Any earnings of the fund are to be maintained in the fund and are to be used to reduce the amount that must be repaid to the fund to restore it to its original amount. The only condition of the fund is that it may not be transferred to another institution by merger, consolidation, liquidation, or bankruptcy. Should any of those events take place, then the fund shall be transferred to another institution designated by DWRD.

Note 15: Collective Bargaining Agreement

Substantially all of The Door's non-management employees are covered by a collective bargaining agreement. The collective bargaining agreement was renewed in November 2019. The agreement with New York's Health and Human Services Union 1199 was effective for the period July 1, 2019 to June 30, 2022. The collective bargaining agreement was renewed in May 18, 2023. The agreement with New York's Health and Human Services Union 1199 is effective for the period July 1, 2022 to June 30, 2025.

Note 16: Retirement Plans

The Door provides a retirement annuity program for all employees who meet the two-year continuous service requirement. The Door contributes toward an annuity contract for each eligible employee an amount equal to 6% of the employee's annual salary for employees that are actively contributing to the plan and 3% of the employee's annual salary for employees that are not actively contributing to the plan. The Door's expense related to this plan for the years ended June 30, 2022 and 2021 was $550,248 and $500,807, respectively.

Note 17: Contingencies and Concentrations

GAAP require disclosure of certain contingencies and current vulnerabilities due to certain concentrations. Those matters include the following:

Concentrations

During the years ended June 30, 2022 and 2021, approximately 72% and 81%, respectively, of government grant revenue was earned from four and five agencies, respectively, and approximately 57% and 31%, respectively, of contributions were received from two donors.

As of June 30, 2022 and 2021, approximately 53% and 72%, respectively, of government grant receivables were due from four agencies, and approximately 71% and 85%, respectively, of pledges receivable were due from two donors and three donors, respectively.

Investments

The Door invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Litigation

On January 31, 2022, The Door settled a joint civil investigation brought by the United States Attorney for the Southern District of New York and the New York Attorney General as well as related civil litigation under the federal and New York State false claims statutes. The settlement related to The Door's applications for, and receipt of, annual uncompensated care pool awards from the New York State Department of Health for services that The Door's Adolescent Health Center furnished to uninsured indigent patients over the 2008 to 2015 fiscal years when The Door was under the governance and management control of a separately incorporated New York not-for-profit organization, which provided The Door with comprehensive back-office services as part of a corporate member relationship. The responsible individuals were never employees of The Door, and no current employee of The Door had responsibility for making, auditing, or approving the regulatory filings. In return for payment of $12,947,812, The Door has received a full release of civil monetary liabilities for the matters investigated.

Note 18: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 and 2021, comprise the following:

	2022	2021
Financial assets at year-end		
Cash and cash equivalents	$ 2,031,187	$ 514,270
Investments	25,485,230	39,907,853
Government grants and contracts receivables, net	8,001,937	7,220,701
Accounts receivable	177,583	200,052
Due from former affiliates	786,989	757,975
Contributions receivable, net	2,809,225	2,799,000
Total financial assets at year-end	39,292,151	51,399,851
Less amounts unavailable for general operations		
Donor-imposed purpose restrictions	(3,753,265)	(4,067,301)
Cash reserve fund	(300,000)	(300,000)
Designated by the Board for special purposes	(15,934,465)	(31,772,414)
Pledges receivable without purpose restrictions due in greater than one year	(485,416)	(250,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 18,819,005	$ 15,010,136

The Door receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The fiscal policy of The Door is to maintain financial assets to meet 90 days of operating expenses, net of in-kind expense. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and other liquid investment securities. In addition, The Door has a committed line of credit, described in *Note 9*, which it could draw upon.

Note 19: Separation Agreement

On October 30, 2020, The Door entered into a separation agreement with USS, which stated that USS has resigned as the sole member of The Door, and the parties undertook a process to unwind the practice of sharing certain services. The parties agreed to extend the existing arrangement between The Door and USS to the provision of certain administrative services until June 30, 2021. As part of the consideration for the transaction, The Door agreed to pay to USS an amount equal to $5,400,000 comprised of a $2,000,000 initial payment and a $3,400,000 note payable. As of June 30, 2022, $2,000,000 had been paid on the note payable, and the remaining balance of $1,400,000 is included as a note payable on the statements of financial position and was due August 2021. As of the date of the audit report, this amount is not yet paid. The Door also forgave the amount due for shared services as of June 30, 2020 in the amount of $1,336,721. Accumulated amounts incurred since the date of forgiveness through June 30, 2022 are $786,989 and are included within due from former affiliate on the statements of financial position. Subsequent to year-end, USS agreed to forgive the net balance due to USS of approximately $600,000. In addition, the entities have released each other from certain ordinary-course claims arising in connection with the transaction; all other activities to implement the transaction; and actions, inactions, events, omissions, conditions, facts, or circumstances occurring or existing at or prior to the Resignation Effective Time.

Note 20: Subsequent Events

Subsequent events have been evaluated through August 1, 2023, which is the date the financial statements were available to be issued.

Subsequent to year-end, The Door entered into a lease agreement for office space for a term of 124 months. Monthly payments escalate on an annual basis and range from $51,000 to $65,897.

Note 21: Future Changes in Accounting Principles

Accounting for Leases

FASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021. The Door is evaluating the impact the standard will have on the financial statements; however, the standard is expected to have a material impact on the financial statements due to the recognition of additional assets and liabilities for operating leases.