The Door - A Center of Alternatives, Inc.

Independent Auditor's Report and Financial Statements

June 30, 2023 and 2022

Contents

FORVIS

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Emphasis of Matter

As described in Note 9 to the financial statements, in 2023, The Door - A Center of Alternatives, Inc. adopted new accounting guidance for accounting for leases. Our opinion is not modified with respect to this matter.

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
March 27, 2024

The Door - A Center of Alternatives, Inc.
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 1,175,018	$ 2,031,187
Investments	22,153,541	25,485,230
Government grants and contracts receivables, net	7,420,928	8,001,937
Accounts receivable	297,290	177,583
Due from former affiliate	-	786,989
Loan receivable from related party	54,630	54,630
Contributions receivable	2,091,873	2,809,225
Prepaid expenses and other assets	453,557	602,564
Property and equipment, net	11,538,477	12,316,331
Right-of-use assets - operating leases	5,628,541	-
Total assets	$ 50,813,855	$ 52,265,676
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,092,507	$ 1,027,951
Accrued payroll and related liabilities	1,056,871	956,532
Amounts held for others	559,431	559,431
Due to related parties	312,150	1,882,836
Note payable	-	1,400,000
Due to government agencies	673,802	-
Operating lease liabilities	5,634,100	-
Total liabilities	9,328,861	5,826,750
Net Assets		
Without donor restrictions	37,249,323	41,900,245
With donor restrictions	4,235,671	4,538,681
Total net assets	41,484,994	46,438,926
Total liabilities and net assets	$ 50,813,855	$ 52,265,676

The Door - A Center of Alternatives, Inc.
Statements of Activities
Years Ended June 30, 2023 and 2022

	2023			2022		
	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	$ 1,511,359	$ -	$ 1,511,359	$ 9,196,196	$ -	$ 9,196,196
Foundation and corporate contributions	347,182	4,472,295	4,819,477	822,080	5,715,105	6,537,185
Contributed services	2,012,400	-	2,012,400	1,795,160	-	1,795,160
Special events, net of expenses of $273,668 in 2023 and $27,458 in 2022	899,475	-	899,475	738,285	-	738,285
Government grants and contracts	-	16,919,225	16,919,225	-	18,359,650	18,359,650
Total private and government support	4,770,416	21,391,520	26,161,936	12,551,721	24,074,755	36,626,476
Other operating revenues						
Clinic fees	2,474,115	-	2,474,115	1,942,108	-	1,942,108
Funding source adjustment for prior years	(673,802)	-	(673,802)	-	-	-
Condo management fees	192,000	-	192,000	192,000	-	192,000
Broome Street Academy management fees	493,635	-	493,635	498,521	-	498,521
Rental income	824,769	-	824,769	850,748	-	850,748
Interest and dividends	428,014	-	428,014	677,546	-	677,546
Total other operating revenues	3,738,731	-	3,738,731	4,160,923	-	4,160,923
Net assets released from restrictions for operations	21,694,530	(21,694,530)	-	24,528,375	(24,528,375)	-
Total operating revenues and other support	30,203,677	(303,010)	29,900,667	41,241,019	(453,620)	40,787,399
Operating Expenses						
Program services						
Mental health and personal development	3,141,865	-	3,141,865	3,731,561	-	3,731,561
Career and education services	8,528,066	-	8,528,066	9,017,567	-	9,017,567
Health center	6,485,684	-	6,485,684	6,429,238	-	6,429,238
Legal	7,065,329	-	7,065,329	6,423,840	-	6,423,840
Nutrition	676,014	-	676,014	535,460	-	535,460
Total program services	25,896,958	-	25,896,958	26,137,666	-	26,137,666

The Door - A Center of Alternatives, Inc.
Statements of Activities (Continued)
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Expenses (continued)						
Supporting services						
Management and general	$ 8,857,035	$ -	$ 8,857,035	$ 8,207,959	$ -	$ 8,207,959
Fundraising	1,527,145	-	1,527,145	1,528,460	-	1,528,460
Total supporting services	10,384,180	-	10,384,180	9,736,419	-	9,736,419
Total operating expenses	36,281,138	-	36,281,138	35,874,085	-	35,874,085
Change in Net Assets from Operations	(6,077,461)	(303,010)	(6,380,471)	5,366,934	(453,620)	4,913,314
Nonoperating Revenues, Gains, and Losses						
Miscellaneous	153,740	-	153,740	117,006	-	117,006
Realized and unrealized gains (losses) on investments	659,788	-	659,788	(2,126,090)	-	(2,126,090)
Forgiveness of amounts due to former affiliates	613,011	-	613,011	-	-	-
Total nonoperating revenues, gains, and losses	1,426,539	-	1,426,539	(2,009,084)	-	(2,009,084)
Change in Net Assets	(4,650,922)	(303,010)	(4,953,932)	3,357,850	(453,620)	2,904,230
Net Assets, Beginning of Year	41,900,245	4,538,681	46,438,926	38,542,395	4,992,301	43,534,696
Net Assets, End of Year	$ 37,249,323	$ 4,235,671	$ 41,484,994	$ 41,900,245	$ 4,538,681	$ 46,438,926

The Door - A Center of Alternatives, Inc.
Statements of Functional Expenses
Years Ended June 30, 2023 and 2022

	2023									
	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	$ 1,629,958	$ 4,353,912	$ 3,668,847	$ 3,257,523	$ 407,912	$ 13,318,152	$ 2,853,167	$ 1,012,864	$ -	$ 17,184,183
Payroll taxes and employee benefits	556,008	1,546,175	1,310,475	1,199,037	124,350	4,736,045	911,007	242,411	-	5,889,463
Total salaries and related expenses	2,185,966	5,900,087	4,979,322	4,456,560	532,262	18,054,197	3,764,174	1,255,275	-	23,073,646
Professional fees	140,194	684,230	407,897	86,229	5,116	1,323,666	2,652,216	100,333	-	4,076,215
In-kind legal	-	-	-	2,012,400	-	2,012,400	-	-	-	2,012,400
Occupancy	65,887	752,139	130,752	102,509	13,101	1,064,388	597,348	33,416	-	1,695,152
Office and miscellaneous expenses	52,710	102,903	322,867	79,427	2,201	560,108	151,563	31,180	-	742,851
Youth events and wrap around moneys	191,438	147,270	54,054	32,086	2,961	427,809	18,007	50	-	445,866
Equipment maintenance	49,072	95,992	153,864	36,613	3,594	339,135	348,088	29,996	-	717,219
Stipends and incentives	894	205,705	23,453	-	4,798	234,850	7,158	-	-	242,008
Equipment purchased	35,348	11,650	8,618	14,144	48	69,808	37,984	126	-	107,918
Conferences and meetings	4,061	77,053	26,476	13,966	6,117	127,673	54,393	4,469	-	186,535
Telephone	72,359	120,489	92,187	32,878	1,236	319,149	229,609	18,382	-	567,140
Food	31,322	52,070	20,228	586	82,279	186,485	18,870	3,890	-	209,245
Insurance	14,937	41,609	26,636	51,574	3,430	138,186	25,117	9,065	-	172,368
Membership and travel	16,060	7,235	18,709	13,984	2,000	57,988	32,272	2,030	-	92,290
Event productions	-	-	-	-	-	-	-	-	273,668	273,668
Bad debt expense	-	-	-	-	-	-	642,512	-	-	642,512
Total expenses before depreciation	2,860,248	8,198,432	6,265,063	6,932,956	659,143	24,915,842	8,579,311	1,488,212	273,668	35,257,033
Depreciation	281,617	329,634	220,621	132,373	16,871	981,116	277,724	38,933	-	1,297,773
Total expenses	3,141,865	8,528,066	6,485,684	7,065,329	676,014	25,896,958	8,857,035	1,527,145	273,668	36,554,806
Less expenses deducted directly from revenues										
Direct cost of special events	-	-	-	-	-	-	-	-	(273,668)	(273,668)
Total expenses reported by function on the statements of activities	$ 3,141,865	$ 8,528,066	$ 6,485,684	$ 7,065,329	$ 676,014	$ 25,896,958	$ 8,857,035	$ 1,527,145	$ -	$ 36,281,138

The Door - A Center of Alternatives, Inc.
Statements of Functional Expenses (Continued)
Years Ended June 30, 2023 and 2022

	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 Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	$ (4,953,932)	$ 2,904,230
Items not requiring (providing) operating cash flows		
Depreciation	1,297,773	1,275,628
Realized and unrealized losses (gains) on investments	(659,788)	2,126,090
Bad debt expense	642,512	626,966
Forgiveness of amounts due from former affiliates	(613,011)	-
Non-cash operating lease expense	56,559	-
Changes in		
Government grants and other receivables	(61,503)	(1,408,202)
Accounts receivable	(119,707)	22,469
Due to/from related parties	(1,570,686)	1,228,418
Due from former affiliates	-	(29,014)
Contributions receivable	717,352	(64,855)
Prepaid expenses and other assets	98,007	(346,930)
Accounts payable and accrued expenses	64,556	(1,085,201)
Accrued vacation	100,339	(453,734)
Refundable advance	-	(2,547,020)
Due to government agencies	673,802	(12,947,812)
Net cash used in operating activities	(4,327,727)	(10,698,967)
Investing Activities		
Proceeds from sale of investments	5,217,853	14,529,380
Purchases of investments	(1,226,376)	(2,232,847)
Purchases of equipment	(519,919)	(80,649)
Net cash provided by investing activities	3,471,558	12,215,884
Increase (Decrease) in Cash and Cash Equivalents	(856,169)	1,516,917
Cash and Cash Equivalents, Beginning of Year	2,031,187	514,270
Cash and Cash Equivalents, End of Year	$ 1,175,018	$ 2,031,187
Supplemental Cash Flow Information		
ROU assets obtained in exchange for new operating lease liabilities	$ 5,685,100	$ -

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 18), 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, 2023 and 2022, cash equivalents consisted primarily of money market accounts with banks.

At June 30, 2023, The Door's cash accounts exceeded federally insured limits by approximately $932,000.

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. Management has determined that an allowance is not needed as of June 30, 2023 and 2022.

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 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, 2023 and 2022.

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 capital spending and non-budgeted projects.

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

Nature of the Gift	Value Recognized
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 receivable of approximately $932,000 and $1,200,000 as of June 30, 2023 and 2022, respectively.

Change in Net Assets from Operations

Change in net assets from operations includes all revenues and expenses except for miscellaneous revenue, realized and unrealized gains (losses) on investments, and forgiveness of amounts due from former affiliate.

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. The statements of functional expenses present 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.

Note 2. Revenue from Contracts with Customers

Special Events Revenue

Revenue from special events is reported at the amount that reflects the consideration to which The Door expects to be entitled in exchange for the direct cost of the benefits received by the participant at the event.

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 estimates 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, 2023 and 2022, 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, 2023 and 2022, 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. In addition, OMIG performed an audit for services rendered from January 1, 2018 through December 31, 2020 and issued a final audit report in February 2023. As a result, The Door was required to repay $673,802. As of June 30, 2023, The Door has included the liability as due to government agencies on the statement of financial position. 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, 2023 and 2022, The Door recognized revenue of $3,190,625 and $2,632,629, 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:

	2023	2022
Accounts receivable, beginning of year	$ 177,583	$ 351,264
Accounts receivable, end of year	297,290	177,583

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:

	2023	2022
Due within one year	$ 1,925,000	$ 1,628,696
Due within one to five years	175,000	1,215,000
	2,100,000	2,843,696
Less unamortized discount	(8,127)	(34,471)
	$ 2,091,873	$ 2,809,225

Discount rates were 4.87% and 2.92% for 2023 and 2022, respectively.

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, 2023 have been recorded as receivables. Following are the grant commitments that extend beyond June 30, 2023:

Grant	Term	Grant Amount	Earned/ Forfeited Through 2023	Funding Available
NYC Department of Health and Mental Hygiene	07/01/2021-06/30/2030	$ 2,718,084	$ 2,638,395	$ 79,689
NYC Department of Education	07/01/2021-06/30/2024	436,859	431,276	5,583
NYS Department of Health	03/01/2022-12/31/2023	876,313	849,164	27,149
NYS Interest on Lawyer Account	04/01/2023-03/31/2025	275,000	153,931	121,069
Public Health Solutions of NYC	03/01/2022-03/31/2027	629,684	622,389	7,295
US Department of Health & Human Services	09/01/2022-3/29/2024	3,314,487	3,202,412	112,075
New York State Council on the Arts	01/01/2023-12/31/2023	49,500	24,750	24,750
		$ 8,299,927	$ 7,922,317	$ 377,610

Note 5. 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, 2023 and 2022:

		Fair Value Measurements Using			
	Total	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, 2023					
Mutual funds					
Equities	$ 9,906,466	$ 9,906,466	$ -	$ -	$ -
Fixed income	6,311,397	6,311,397	-	-	-
Exchange traded funds	992,987	992,987	-	-	-
Limited partnerships	4,220,419	-	-	-	4,220,419
Total investments at fair value	21,431,269	$ 17,210,850	$ -	$ -	$ 4,220,419
Cash and cash equivalents	722,272				
Total investments	$ 22,153,541				

		Fair Value Measurements Using			
	Total	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				

(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.

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, 2023 and 2022. 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:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Period Notice
June 30, 2023				
Limited partnerships	$ 4,220,419	-	N/A	N/A
June 30, 2022				
Limited partnerships	$ 4,391,466	-	N/A	N/A

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 6. Property and Equipment

Property and equipment at June 30, 2023 and 2022:

	2023	2022
Land	$ 832,400	$ 832,400
Buildings and improvements	26,509,018	26,492,801
Furniture and equipment	3,838,462	3,341,761
Construction in progress	131,008	124,007
	31,310,888	30,790,969
Less accumulated depreciation	(19,772,411)	(18,474,638)
	$ 11,538,477	$ 12,316,331

Note 7. Amounts 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 amounts held for others on the statements of financial position at June 30, 2023 and 2022.

Note 8. Line of Credit

The Door had a $10,000,000 revolving line of credit, which, effective April 2023, has decreased to $6,000,000 expiring on June 30, 2024. During 2023 and 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 2.20%, and is payable monthly. The Variable Interest Rate is a floating rate of interest that is subject to change daily.

Note 9. Leases

Change in Accounting Principle

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or, as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, *i.e.*, the comparatives under ASC 840 option.

The Door adopted Topic 842 on July 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. The Door elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The Door has lease agreements with nonlease components that relate to the lease components. The Door elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all. Also, The Door elected to keep short-term leases with an initial term of 12 months or less off the statement of financial position. The Door did not elect the hindsight practical expedient in determining the lease term for existing leases as of July 1, 2022.

Accounting Policies

The Door determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Door determines lease classification as operating or finance at the lease commencement date.

The Door combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office space.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Door has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that The Door is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Door has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

The Door has entered into the following lease arrangements:

Operating Leases

Commencing June 1, 2023, The Door entered into a lease for office space that expires September 2033. The lease contains renewal options for periods ranging from 5 to 10 years and require The Door to pay all executory costs (property taxes, maintenance, and insurance). Lease payments have an escalating fee schedule, which increases each year. Termination of the lease is generally prohibited unless there is a violation under the lease agreement.

Short-Term Leases

The Door leases other office spaces with lease terms less than 12 months.

Total lease expense included in operating expenses for the years ending June 30, 2023 and 2022, was $995,298 and $913,724, respectively.

All Leases

The Door provides leased space to an affiliate, as described in Note 12, that renews annually. The Door received rental income of $824,769 and $850,748 for the years ended June 30, 2023 and 2022, respectively.

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

As of June 30, 2023, The Door has not entered into additional operating and finance leases that have not yet commenced.

Quantitative Disclosures

The lease cost and other required information for the year ended June 30, 2023 are:

Lease cost		
Operating lease cost	$	56,559
Short-term lease cost		938,739
Total lease cost	$	995,298
Other information		
Operating cash flows from operating leases	$	51,000
Right-of-use assets obtained in exchange for new operating lease liabilities		5,685,100
Weighted-average remaining lease term		
Operating leases		10.26 years
Weighted-average discount rate		
Operating leases		3.9%

Future minimum lease payments and reconciliation to the statements of financial position at June 30, 2023 are as follows:

		Operating Leases
2024	$	409,020
2025		625,801
2026		644,575
2027		663,912
2028		683,829
Thereafter		3,935,174
Total future undiscounted lease payments		6,962,311
Less imputed interest		(1,328,211)
Lease liabilities	$	5,634,100

Note 10. Net Assets

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

	2023	2022
Subject to expenditure for specified purpose		
Career and education services	$ 994,895	$ 637,893
Counseling, housing, and arts	465,365	347,205
Legal	-	79,167
Health	41,666	-
Other	50,000	-
Promises to give, the proceeds of which have been restricted by donors for		
Career and education services	1,085,000	1,709,000
Counseling, housing, and arts	765,000	680,000
Legal	-	150,000
Health	75,000	150,000
	3,476,926	3,753,265
Subject to the passage of time		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	175,000	120,225
Contributions received restricted by the passage of time	283,745	365,191
Cash reserve fund	300,000	300,000
Net assets with donor restrictions	$ 4,235,671	$ 4,538,681

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

	2023	2022
Undesignated for general use	$ 13,771,979	$ 13,649,449
Designated by the Board for capital spending and non-budgeted projects	11,938,867	15,934,465
Invested in property and equipment	11,538,477	12,316,331
Net assets without donor restrictions	$ 37,249,323	$ 41,900,245

Note 11. 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, 2023 and 2022, contributed legal services were $2,012,400 and $1,795,160, respectively.

Note 12. 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. BSA 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, 2023 and 2022, The Door owed BSA a balance of $218,216 and $1,788,902, 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 $493,635 and $498,521 were charged to BSA for the fiscal years ended June 30, 2023 and 2022, respectively. Additionally, BSA paid The Door $137,941 and $131,781 for shared services during the years ended June 30, 2023 and 2022, 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 $824,769 and $850,748 for the years ended June 30, 2023 and 2022, respectively, and incurred related expenses of $372,994 and $157,613 in 2023 and 2022, respectively. The lease was extended and is set to expire on June 30, 2024.

During the years ended June 30, 2023 and 2022, The Door and BSA held a joint special fundraising event. The Door's gross share of revenue from this event amounted to $970,417 and $765,743, respectively, in 2023 and 2022. The Door reported its share of revenue from this special event in the statements of activities, net of its share of expenses of $271,430 and $27,458 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022. The Door provides management services to the Condominium and received $192,000 in management fees for the years ended June 30, 2023 and 2022. Assessment fee payable as of June 30, 2023 and 2022 was $93,934 and is included in due to related parties.

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 December 2023. The loan bears interest at 4.5% per annum. Principal and interest payments are due monthly. The balance of the loan as of June 30, 2023 and 2022 was $54,630 and $54,630, respectively. Subsequent to year-end, the loan was repaid.

Note 13. 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, 2023 and 2022.

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 14. 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, and renewed in May 2023 effective for the period July 1, 2022 to June 30, 2025.

Note 15. 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 who are actively contributing to the plan and 3% of the employee’s annual salary for employees who are not actively contributing to the plan. The Door’s expense related to this plan for the years ended June 30, 2023 and 2022 was $572,275 and $550,248, respectively.

Note 16. Contingencies and Concentrations

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

Concentrations

During the years ended June 30, 2023 and 2022, approximately 66% and 72%, respectively, of government grant revenue was earned from three and four agencies, respectively. During the year ended June 30, 2022, approximately 57% of contributions were received from two donors. There were no concentrations of contribution revenue during the year ended June 30, 2023.

As of June 30, 2023 and 2022, approximately 71% and 53%, respectively, of government grant receivables were due from three and four agencies, and approximately 63% and 71%, respectively, of pledges receivable were due from three donors and two 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.

Note 17. 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, 2023 and 2022, comprise the following:

	2023	2022
Financial assets at year-end		
Cash and cash equivalents	$ 1,175,018	$ 2,031,187
Investments	22,153,541	25,485,230
Government grants and contracts receivable, net	7,420,928	8,001,937
Accounts receivable	297,290	177,583
Due from former affiliates	-	786,989
Contributions receivable	2,091,873	2,809,225
Total financial assets at year-end	33,138,650	39,292,151
Less amounts unavailable for general operations		
Donor-imposed purpose restrictions	(3,476,926)	(3,753,265)
Cash reserve fund	(300,000)	(300,000)
Designated by the Board for special purposes	(11,938,867)	(15,934,465)
Pledges receivable without purpose restrictions due in greater than one year	(458,745)	(485,416)
Financial assets available to meet cash needs for general expenditures within one year	$ 16,964,112	$ 18,819,005

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. To help manage unanticipated liquidity needs, The Door has a committed line of credit of $6,000,000 (see Note 8).

Note 18. 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, of which $2,000,000 had been paid on the note payable as of June 30, 2022.

In February 2023, The Door and USS entered into a settlement and release agreement, releasing 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. As of June 30, 2023, the remaining balance of $1,400,000 due to USS was resolved by releasing USS of amounts owed in the amount of $786,989 included as a due from former affiliate on the statements of financial position, with the remaining amount of $613,011 recognized as forgiveness of amounts due from former affiliates.

Note 19. Subsequent Events

Subsequent events have been evaluated through March 27, 2024, which is the date the financial statements were available to be issued.