

**LUBBOCK OPEN DOOR  
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2017 and 2016**

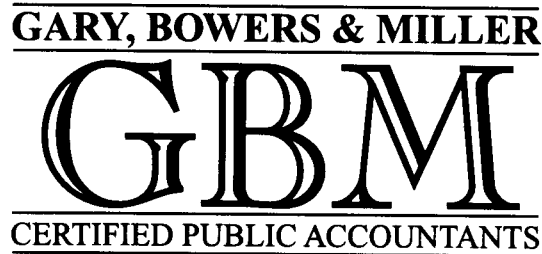
**LUBBOCK OPEN DOOR  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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A Partnership of  
Professional Corporations

## INDEPENDENT AUDITOR'S REPORT

To the Finance Committee and Management of  
Lubbock Open Door

We have audited the accompanying financial statements of Lubbock Open Door (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Gary, Bowers & Miller*

Gary, Bowers & Miller  
Lubbock, Texas  
December 10, 2018

**Lubbock Open Door**  
**Statements of Financial Position**  
**December 31**

**ASSETS**

	<u>2017</u>	<u>2016</u>
<b>Current Assets</b>		
Cash In Bank	\$ 192,913	\$ 137,318
Grants Receivable	9,537	-
Prepaid Expense	5,953	1,060
<b>Total Current Assets</b>	<u>208,403</u>	<u>138,378</u>
<b>Land, Buildings, and Equipment</b>		
Land	83,923	83,923
Buildings	1,753,484	1,436,449
Vehicles	92,431	60,942
Furniture and Fixtures	169,276	107,899
Construction in Process	-	190,417
Accumulated Depreciation	(233,225)	(129,728)
<b>Net Land, Buildings and Equipment</b>	<u>1,865,889</u>	<u>1,749,902</u>
<b>Other Assets</b>		
Restricted Cash Held for Long-Term Purposes	-	100,283
<b>Total Assets</b>	<u>\$ 2,074,292</u>	<u>\$ 1,988,563</u>

**LIABILITIES & NET ASSETS**

**LIABILITIES**

<b>Current Liabilities</b>		
Accrued Expenses	\$ 5,760	\$ 4,327
Security Deposits	5,124	-
Deferred Revenue	10,500	10,650
Current Portion of Note Payable	4,012	-
<b>Total Current Liabilities</b>	<u>25,396</u>	<u>14,977</u>
<b>Long-Term Liabilities</b>		
Note Payable Vehicle	16,337	-
Less Current Portion of Note Payable	(4,012)	-
<b>Total Long-Term Liabilities</b>	<u>12,325</u>	<u>-</u>
<b>Total Liabilities</b>	<u>37,721</u>	<u>14,977</u>

**NET ASSETS**

<b>Unrestricted</b>		
Unrestricted Net Assets	161,146	123,401
Invested in Fixed Assets	1,865,889	1,749,902
<b>Total Unrestricted Net Assets</b>	<u>2,027,035</u>	<u>1,873,303</u>
Temporarily Restricted Net Assets	9,536	100,283
<b>Total Net Assets</b>	<u>2,036,572</u>	<u>1,973,586</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 2,074,292</u>	<u>\$ 1,988,563</u>

The accompanying notes are an integral part of these financial statements.

**Lubbock Open Door**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public Support and Revenues</b>			
Contributions	\$ 421,568	\$ -	\$ 421,568
Grants	401,144	-	401,144
Special Events	62,683	-	62,683
Rent Income	49,717	-	49,717
Interest Income	137	-	137
Other Income	7,122	-	7,122
Reclassification to Restricted	90,747	(90,747)	-
	<u>\$ 1,033,118</u>	<u>\$ (90,747)</u>	<u>\$ 942,371</u>
<b>Expenses</b>			
<b>Ministry Activities</b>			
Community Meals	\$ 30,619	\$ -	\$ 30,619
Supplies	10,990	-	10,990
Fundraising	33,392	-	33,392
Transportation Assistance	5,309	-	5,309
ID's and Birth Certificates	7,139	-	7,139
Medical	2,497	-	2,497
Utilities and Rent Assistance	49,596	-	49,596
Clothing and Toiletries	3,018	-	3,018
Miscellaneous	10,265	-	10,265
Rents and Building Expenses	105,405	-	105,405
Missions	300	-	300
<b>General Activities</b>			
Salaries and Payroll Taxes	357,268	-	357,268
Staff Development	9,480	-	9,480
Travel and Auto	3,216	-	3,216
Insurance	32,754	-	32,754
Copy, Postage, and Publications	19,721	-	19,721
Business Office	94,920	-	94,920
Depreciation Expense	103,497	-	103,497
Total Expenses	<u>\$ 879,386</u>	<u>\$ -</u>	<u>\$ 879,386</u>
Change in Net Assets	\$ 153,732	\$ (90,747)	\$ 62,986
Net Assets - Beginning	<u>1,873,303</u>	<u>100,283</u>	<u>1,973,586</u>
Net Assets - Ending	<u>\$ 2,027,035</u>	<u>\$ 9,536</u>	<u>\$ 2,036,572</u>

The accompanying notes are an integral part of these statements.

**Lubbock Open Door**  
**Statement of Activities**  
**For the Year Ended December 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public Support and Revenues</b>			
Contributions	\$ 459,583	\$ -	\$ 459,583
Grants	904,869	-	904,869
Special Events	97,936	-	97,936
Donations of Property	10,047	-	10,047
Interest Income	473	-	473
Reclassification to Restricted	196,800	(196,800)	-
	<u>\$ 1,669,708</u>	<u>\$ (196,800)</u>	<u>\$ 1,472,908</u>
<b>Expenses</b>			
<b>Ministry Activities</b>			
Community Meals	\$ 30,120	\$ -	\$ 30,120
Supplies	8,799	-	8,799
Fundraising	32,960	-	32,960
Transportation Assistance	1,060	-	1,060
ID's and Birth Certificates	5,410	-	5,410
Medical	1,331	-	1,331
Utilities and Rent Assistance	2,840	-	2,840
Clothing and Toiletries	1,946	-	1,946
Miscellaneous	8,005	-	8,005
Rents and Building Expenses	75,050	-	75,050
Missions	1,100	-	1,100
<b>General Activities</b>			
Salaries and Payroll Taxes	274,260	-	274,260
Staff Development	4,897	-	4,897
Travel and Auto	6,204	-	6,204
Insurance	13,049	-	13,049
Copy, Postage, and Publications	8,717	-	8,717
Business Office	56,839	-	56,839
Depreciation Expense	62,460	-	62,460
Total Expenses	<u>\$ 595,047</u>	<u>\$ -</u>	<u>\$ 595,047</u>
Change in Net Assets	\$ 1,074,661	\$ (196,800)	\$ 877,861
Net Assets - Beginning	798,642	297,083	1,095,725
Net Assets - Ending	<u>\$ 1,873,303</u>	<u>\$ 100,283</u>	<u>\$ 1,973,586</u>

The accompanying notes are an integral part of these statements.

**Lubbock Open Door**  
**Statements of Cash Flows**  
**For the Year Ended December 31**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Increase in Net Assets	\$ 62,986	\$ 877,861
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities		
Depreciation	103,497	62,460
Increase In Prepaid Expense	(4,893)	(1,060)
Increase in Grants Receivable	(9,537)	-
Decrease in Deferred Revenue	(150)	10,650
Increase in Security Deposits	5,124	-
Increase in Accrued Expenses	1,433	1,601
Net Cash Provided by Operating Activities	<u>158,459</u>	<u>951,512</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Land, Buildings, and Equipment	(219,484)	(1,157,434)
Proceeds From Cash Held for Long-Term Purposes	100,283	196,800
Net Cash Used in Investing Activities	<u>(119,201)</u>	<u>(960,634)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Note Proceeds	16,989	-
Note Repayments	(652)	-
Net Cash Provided by Financing Activities	<u>16,337</u>	<u>-</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>55,595</b>	<b>(9,122)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b><u>137,318</u></b>	<b><u>146,440</u></b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ <u>192,913</u></b>	<b>\$ <u>137,318</u></b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for:		
Interest	\$ <u>118</u>	\$ <u>0</u>
Income Taxes	\$ <u>0</u>	\$ <u>0</u>

The accompanying notes are an integral part of these statements.

**LUBBOCK OPEN DOOR  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting principles consistently applied in the preparation of accompanying financial statements follows:

Nature of Activities

Lubbock Open Door (the “Organization”) was organized under Articles of Incorporation in 2011 (originally as Carpenter’s Church). The Organization is a nonprofit organization and is a home for the homeless, a family for the abandoned, and a place for those seeking an authentic journey with God and others. The Organization is a family whose members come from both poverty and privilege – all coming together to find God and the community He creates. The Organization is supported primarily through contributions from the congregation and donations from individuals and businesses.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting, and therefore reflects all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There are no permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Unrestricted net assets represent revenues and expenses related to the operations and management of the Organization’s primary programs and supporting services.

Temporarily restricted net assets represent donations to the Organization that are restricted by time or purpose.

Contributions

Contributions are recognized as revenue when received. If no time or donor restrictions are placed on these contributions, the revenue is reflected as an increase in unrestricted net assets; however, if such restrictions do exist, the revenue is classified as either temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as designated funds expended. If the restriction expires during the same fiscal year as receipt, then the contribution is classified as unrestricted. Contributions of non-monetary assets are recorded at fair value on the date the contribution is made.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



### Tax Status

The Organization is classified as a tax-exempt institution, under 501 (c)(3) of the Internal Revenue code and not as a “private foundation” in accordance with section 509(a). The Organization has been classified as religious organization under section 170(b)(1)(A)(i). Accordingly, no provision for taxes has been included or recorded in the financial statements. Tax years open and subject to examination by the Internal Revenue Service are years 2015, 2016, and 2017.

### Concentrations of Credit Risk

The Organization maintains cash and short-term investments in several local financial institutions. At December 31, 2017, accounts at each institution were insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the fiscal year, bank balances may have exceeded this amount.

### Cash

For purposes of the cash flow statement, cash consists of cash held in financial institutions in checking and savings accounts.

### NOTE 2 – UNRESTRICTED NET ASSETS

Unrestricted Net Assets are fund balances that may be used for general operations of the Organization.

Investment in Fixed Assets- This balance represents fixed assets net of depreciation.

### NOTE 3 – LAND, BUILDINGS, VEHICLES, AND FURNITURE AND EQUIPMENT

Land, buildings, vehicles, and equipment are recorded at cost or fair value (if donated). The Organization capitalizes all equipment over \$1,000. Depreciation expense is computed over the estimated useful life of the asset on a straight-line basis at rates of 2 ½% to 20% per year. Land, buildings, vehicles, and equipment balances with accumulated depreciation balances at December 31, 2017 and 2016, are shown below:

	<b>December 31, 2016</b>	<b>Additions</b>	<b>Retirements</b>	<b>December 31, 2017</b>
<b>Land, Buildings, and Equipment</b>				
Buildings	\$ 1,436,449	\$ 317,035	\$ -	\$ 1,753,484
Furniture & Equipment	107,899	61,377	-	169,276
Vehicles	60,942	31,489	-	92,431
Construction in Process	190,417	-	(190,417)	-
Land	83,923	-	-	83,923
Total Land, Buildings, and Equipment	<u>1,879,630</u>	<u>409,901</u>	<u>(190,417)</u>	<u>2,099,114</u>
<b>Accumulated Depreciation</b>	<u>(129,728)</u>	<u>(103,497)</u>	<u>-</u>	<u>(233,225)</u>
Net Land, Buildings, and Equipment	<u>\$ 1,749,902</u>	<u>\$ 306,404</u>	<u>\$ (190,417)</u>	<u>\$ 1,865,889</u>

	<u>December 31, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2016</u>
<b>Land, Buildings, and Equipment</b>				
Buildings	\$ 328,618	\$ 1,107,831	\$ -	\$ 1,436,449
Furniture & Equipment	84,908	22,991	-	107,899
Vehicles	54,942	6,000	-	60,942
Construction in Process	229,805	1,096,395	(1,135,783)	190,417
Land	23,923	60,000	-	83,923
Total Land, Buildings, and Equipment	<u>722,196</u>	<u>2,293,217</u>	<u>(1,135,783)</u>	<u>1,879,630</u>
<b>Accumulated Depreciation</b>	<u>(67,268)</u>	<u>(62,460)</u>	<u>-</u>	<u>(129,728)</u>
Net Land, Buildings, and Equipment	<u>\$ 654,928</u>	<u>\$ 2,230,757</u>	<u>(1,135,783)</u>	<u>\$ 1,749,902</u>

#### NOTE 4 – TEMPORARILY RESTRICTED FUNDS

Contributions and other funding received by the Organization that have been restricted or designated by the donor for a specific purpose are considered as temporarily restricted until such time as the event leading to the restriction has occurred.

As of December 31, 2017, \$9,536 was held as restricted funds for various purposes. As of December 31, 2016, \$100,283 was held as restricted funds for the purpose of construction of housing.

#### NOTE 5 – JT AND MARGARET TALKINGTON CHARITABLE FOUNDATION, INC. GRANT

On July 29, 2015, the Organization was awarded a \$976,000 grant from J.T. and Margaret Talkington Charitable Foundation, Inc. The grant was to be used for building new duplexes and any operating expenses related to those duplexes. During the fiscal year ending December 31, 2017, the Organization expended the remaining \$100,283 of these funds and completed the new duplexes.

#### NOTE 6-U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT GRANT

On August 25, 2017, the U. S. Department of Housing and Urban Development awarded a “Continuum of Care” grant in the amount of \$338,510. This grant is to be expended for rental assistance and supportive services for the homeless. This grant operates on a reimbursement basis and the Organization is reimbursed after allowable expenses are incurred. During the year ending December 31, 2017, the organization had expended \$90,797 of these funds and are included in the grants income line of the statement of activities.

#### NOTE 7-NOTE PAYABLE

During the year ending December 31, 2017, the organization financed a portion of the purchase of a van through Ford Motor Credit Company, The original amount of the loan was \$16,989 bearing interest at 4.2% payable in 48 monthly payments of \$385.13 beginning November, 2017.

The annual estimated debt maturity requirements for this note are as follows:

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	3,984	520	4,504
2019	4,154	467	4,621
2020	4,333	289	4,622
2021	3,866	104	3,970
	<u>\$ 16,337</u>	<u>\$ 1,380</u>	<u>\$ 17,717</u>

#### NOTE 8 –SUBSEQUENT EVENTS

Subsequent events were evaluated through December 10, 2018, which is the date the financial statements were available to be issued.