Financial Statements with Report of Independent Auditors Thereon

New Door Ventures

For the Years Ended
December 31, 2019 and 2018

SD Mayer & Associates LLP
235 Montgomery Street, 30th Floor
San Francisco, CA 94104

415 691 4040 main

sdmayer.com

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
New Door Ventures
San Francisco, California

We have audited the accompanying financial statements of New Door Ventures (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses 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 audits. We conducted our audits 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.

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REPORT OF INDEPENDENT AUDITORS - Continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Door Ventures as of December 31, 2019 and 2018, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of revenue, support, expenses, and changes in net assets for the year ended December 31, 2019 on page 22 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

San Francisco, California

S D Mayer & Associates, LLP

June 18, 2020

New Door Ventures
Statements of Financial Position
As of December 31, 2019 and 2018

	2019	2018
ASSETS		
Assets:		
Cash and cash equivalents	$ 2,181,691	$ 945,956
Investments, at fair value	656,436	2,281,874
Accounts receivable, net	1,108,937	944,824
Contracts and grants receivable	225,017	412,498
Unconditional promises to give, net	250,000	25,000
Inventory, net	260,130	240,460
Prepaid expenses and other assets	485,106	404,158
Deposits	7,495	5,495
Property and equipment, net of accumulated depreciation and amortization	5,628,985	5,747,579
Total Assets	$ 10,803,797	$ 11,007,844

LIABILITIES AND NET ASSETS

	2019	2018
Liabilities:		
Accounts payable and accrued expenses	$ 484,113	$ 434,685
Long-Term Debt	-	1,839,315
Total Liabilities	484,113	2,274,000
Net Assets:		
Without donor restrictions	10,069,684	8,658,844
With donor restrictions	250,000	75,000
Total Net Assets	10,319,684	8,733,844
Total Liabilities and Net Assets	$ 10,803,797	$ 11,007,844

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

New Door Ventures
Statement of Activities
For the year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Revenue:			
Enterprise revenue	$ 2,274,051	$ -	$ 2,274,051
Government grants	876,950	-	876,950
Investment income (loss)	49,101	-	49,101
Fundraising event, net of costs	(49,356)	-	(49,356)
Other income (expense)	(9,195)	-	(9,195)
Support:			
Contributions	1,865,621	-	1,865,621
In-Kind Donations	104,828	-	104,828
Foundation grants	2,976,157	500,000	3,476,157
Net assets released from restrictions	325,000	(325,000)	-
Total Revenue and Support	8,413,157	175,000	8,588,157
Expenses:			
Program Services:			
Ashbury Images	2,183,831	-	2,183,831
Pedal Revolution	765,650	-	765,650
Education	134,087	-	134,087
Youth employment-San Francisco	1,404,398	-	1,404,398
Youth employment-East Bay	1,212,268	-	1,212,268
Total Program Services	5,700,234	-	5,700,234
Supporting Services:			
Fundraising	689,664	-	689,664
General and administrative	612,419	-	612,419
Total Supporting Services	1,302,083	-	1,302,083
Total Expenses	7,002,317	-	7,002,317
Changes in Net Assets	1,410,840	175,000	1,585,840
Net Assets, beginning of year	8,658,844	75,000	8,733,844
Net Assets, end of year	$ 10,069,684	$ 250,000	$ 10,319,684

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

New Door Ventures
Statement of Activities
For the year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Revenue:			
Enterprise revenue	$ 2,521,298	$ -	$ 2,521,298
Government grants	737,778	-	737,778
Investment income (loss)	(14,077)	-	(14,077)
Fundraising event, net of costs	(4,602)	-	(4,602)
Other income (expense)	13,954	-	13,954
Support:			
Contributions	1,870,385	-	1,870,385
In-Kind Donations	82,139	-	82,139
Foundation grants	550,536	550,000	1,100,536
Net assets released from restrictions	955,000	(955,000)	-
Total Revenue and Support	6,712,411	(405,000)	6,307,411
Expenses:			
Program Services:			
Ashbury Images	2,444,332	-	2,444,332
Pedal Revolution	839,590	-	839,590
Education	242,604	-	242,604
Youth employment-San Francisco	1,982,012		1,982,012
Youth employment-East Bay	425,502	-	425,502
Total Program Services	5,934,040	-	5,934,040
Supporting Services:			
Fundraising	712,528	-	712,528
General and administrative	445,197	-	445,197
Total Supporting Services	1,157,725	-	1,157,725
Total Expenses	7,091,765	-	7,091,765
Changes in Net Assets	(379,354)	(405,000)	(784,354)
Net Assets, beginning of year	9,038,198	480,000	9,518,198
Net Assets, end of year	$ 8,658,844	$ 75,000	$ 8,733,844

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

New Door Ventures
Statements of Cash Flows
For the years ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	$ 1,585,840	$ (784,354)
Non-cash Items:		
Depreciation and amortization	127,471	171,942
Unrealized gain on investments	(1,768)	
Stock donation	(1,875,748)	(71,047)
(Increase) decrease in operating assets:		
Accounts receivable	(164,113)	(621,906)
Contracts and grants receivable	187,481	(171,992)
Unconditional promises to give, net	(225,000)	452,252
Inventory	(19,670)	12,787
Prepaid expenses and other assets	(80,948)	(7,837)
Deposits	(2,000)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	49,428	45,199
Net cash used in operating activities	(419,027)	(974,956)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(8,877)	(25,797)
Reinvested dividends	(2,976)	(8,885)
Proceeds from sale of investments	3,505,930	87,336
Net cash provided by investing activities	3,494,077	52,654
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(1,839,315)	(47,729)
Net cash used in financing activities	(1,839,315)	(47,729)
Net increase (decrease) in cash and cash equivalents	1,235,735	(970,031)
Cash and cash equivalents, beginning of year	945,956	1,915,987
Cash and cash equivalents, end of year	$ 2,181,691	$ 945,956
Supplementary disclosure of cash flow information:		
Cash paid during the year for interest	$ 58,426	$ 56,172
Non-cash donations	$ 104,828	$ 82,139

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

New Door Ventures
Statement of Functional Expenses
For the year ended December 31, 2019

	Program Services						Supporting Services			
	Ashbury Images	**Pedal Revolution**	**Education**	**Youth Employment San Francisco**	**Youth Employment East Bay**	**Total Program Services**	**Fundraising**	**General and Administrative**	**Total Supporting Services**	**Total Expenses**
Personnel	$ 754,802	$ 351,820	$ 44,190	$ 882,227	$ 871,221	$ 2,904,260	$ 482,753	$ 353,949	$ 836,702	$ 3,740,962
Employer payroll taxes	62,754	21,911	3,164	62,706	62,463	212,998	34,318	18,658	52,976	265,974
Employee benefits	103,809	34,022	2,272	91,041	92,285	323,429	36,443	44,339	80,782	404,211
Conferences	-	-	-	-	-	-	-	9,096	9,096	9,096
Consultants and outside services	33,281	12,253	1,968	66,948	41,820	156,270	84,004	91,082	175,086	331,356
Depreciation and amortization	15,772	11,985	16,484	66,342	-	110,583	8,444	8,444	16,888	127,471
Equipment/repairs	10,835	1,753	373	3,360	2,903	19,224	1,033	8,366	9,399	28,623
Fees and dues	33,266	17,032	-	50	94	50,442	4,398	23,291	27,689	78,131
Insurance	54,703	23,805	305	23,200	24,532	126,545	7,220	5,201	12,421	138,966
Interest	-	-	9,928	40,667	3,134	53,729	-	4,697	4,697	58,426
Maintenance/utilities	52,774	8,089	6,054	25,675	-	92,592	3,364	6,660	10,024	102,616
Miscellaneous	10,018	9,812	(180)	1,116	6,263	27,029	1,464	9,241	10,705	37,734
Occupancy	162,508	-	-	-	25,190	187,698	-	639	639	188,337
Office supplies	9,624	2,206	725	7,504	5,208	25,267	2,999	5,370	8,369	33,636
Outreach and promotions	7,723	394	-	1,247	398	9,762	11,652	318	11,970	21,732
Postage and shipping	58,805	2,285	4	414	329	61,837	914	638	1,552	63,389
Printing and copying	-	-	-	-	-	-	403	78	481	481
Program cost of goods sold	804,505	261,377	-	-	-	1,065,882	-	-	-	1,065,882
Program supplies	-	-	1,444	45,547	34,795	81,786	254	675	929	82,715
Staff and board	1,731	2,180	34,118	2,724	1,768	42,521	3,639	12,546	16,185	58,706
Telephone	4,448	4,595	1,795	16,141	10,060	37,039	3,742	4,730	8,472	45,511
Transportation	2,473	131	11,443	67,489	29,805	111,341	2,620	4,401	7,021	118,362
Total Expenses	$ 2,183,831	$ 765,650	$ 134,087	$ 1,404,398	$ 1,212,268	$ 5,700,234	$ 689,664	$ 612,419	$ 1,302,083	$ 7,002,317

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

New Door Ventures
Statement of Functional Expenses
For the year ended December 31, 2018

	Program Services						Supporting Services			
	Ashbury Images	**Pedal Revolution**	**Education**	**Youth Employment San Francisco**	**Youth Employment East Bay**	**Total Program Services**	**Fundraising**	**General and Administrative**	**Total Supporting Services**	**Total Expenses**
Personnel	$ 888,625	$ 354,819	$ 130,931	$ 1,276,348	$ 212,660	$ 2,863,383	$ 432,612	$ 259,299	$ 691,911	$ 3,555,294
Employer payroll taxes	69,969	22,677	9,633	89,429	19,671	211,379	31,225	14,715	45,940	257,319
Employee benefits	112,456	24,651	4,410	131,478	20,477	293,472	32,654	47,481	80,135	373,607
Conferences	-	-	-	-	-	-	-	5,248	5,248	5,248
Consultants and outside services	28,894	15,317	7,441	95,147	68,901	215,700	130,443	43,121	173,564	389,264
Depreciation and amortization	17,942	14,000	23,333	93,333	-	148,608	11,667	11,667	23,334	171,942
Equipment/repairs	9,615	-	1,361	4,809	2,434	18,219	1,524	2,783	4,307	22,526
Fees and dues	33,901	18,257	6	4,456	12	56,632	1,235	3,507	4,742	61,374
Insurance	56,521	20,710	2,864	22,765	8,524	111,384	10,118	5,824	15,942	127,326
Interest	-	-	9,548	42,131	-	51,679	-	4,493	4,493	56,172
Maintenance/utilities	56,590	14,247	7,544	30,973	-	109,354	3,884	4,122	8,006	117,360
Miscellaneous	11,960	5,840	311	3,270	-	21,381	146	1,077	1,223	22,604
Occupancy	162,647	-	-	-	8,237	170,884	-	30	30	170,914
Office supplies	14,865	786	484	11,591	813	28,539	4,746	3,977	8,723	37,262
Outreach and promotions	6,723	618	-	2,095	-	9,436	41,272	6,679	47,951	57,387
Postage and shipping	56,591	4,239	45	419	34	61,328	2,021	121	2,142	63,470
Printing and copying	-	-	-	-	-	-	976	52	1,028	1,028
Program cost of goods sold	903,709	337,634	-	-	-	1,241,343	-	-	-	1,241,343
Program supplies	-	-	57	59,789	27,147	86,993	118	10	128	87,121
Staff and board	1,838	2,129	37,970	6,983	29,337	78,257	1,859	18,671	20,530	98,787
Telephone	5,666	3,616	1,339	21,397	1,773	33,791	3,970	3,796	7,766	41,557
Transportation	5,820	50	5,327	85,599	25,482	122,278	2,058	8,524	10,582	132,860
Total Expenses	$ 2,444,332	$ 839,590	$ 242,604	$ 1,982,012	$ 425,502	$ 5,934,040	$ 712,528	$ 445,197	$ 1,157,725	$ 7,091,765

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

New Door Ventures
Notes to Financial Statements
For the years ended December 31, 2019 and 2018

NOTE 1 – ORGANIZATION

Founded in 1981, New Door Ventures (New Door) is a 501(C)(3) tax-exempt organization serving San Francisco and the East Bay. New Door prepares opportunity youth for work and life by providing training in work and life-skills, educational support, individualized case management, and meaningful paid jobs that enable youth to discover and achieve their potential.

In the Bay Area, there are nearly 80,000 opportunity youth -- 16 to 24-year-olds who are currently disconnected from employment, education and the social supports needed for a successful transition to adulthood. Without intervention, these young people are at risk for a number of negative outcomes, including substantial periods of unemployment, homelessness, involvement with the criminal justice system, and poverty.

At New Door Ventures, these youth find an opportunity to change the trajectory of their lives. Interns receive specialized training at their respective job sites, and support in pursuing further education and a healthy and responsible lifestyle. New Door Ventures employs interns at one of two social enterprises or one of 90+ partner businesses and organizations. The New Door high school equivalency program provides individual and small-group instruction to support young people in passing one of several high school equivalency tests, so that they can pursue post-secondary education and training.

The work of New Door Ventures is integral to empowering and transforming the lives of young people, aiming to transform individuals who will in turn transform their communities. New Door Ventures invests with the goal that 85%+ of its graduates will go on to further education and/or meaningful jobs. For additional information, visit www.newdoor.org.

New Door Ventures social enterprises and programs include the following:

> **Youth Employment** helps opportunity youth prepare for work and life so they can discover and use their potential as they successfully transition to adulthood. The program combines the practical work experience, job training and deep individual support that enable transition aged youth to identify their strengths and abilities, apply them in real-work settings, learn teamwork, accountability and healthy behaviors, and experience the power of being positive, productive members of their communities.
>
> **Ashbury Images (AIM)** offers quality custom screen printed and embroidered apparel and promotional products to various companies, nonprofit organizations and schools. Interns employed at Ashbury Images gain real-life production skills in a rigorous yet encouraging training environment. www.ashburyimages.org.
>
> **Pedal Revolution** is a full-service retail sales and repair bicycle shop located in San Francisco's Mission District. Interns work with professional mechanics and sales staff and receive hands-on training in work and life skills. www.pedalrevolution.org.

NOTE 1 – ORGANIZATION (continued)

Education Program helps youth who are not on track to receive a high school diploma earn a GED or other form of high school equivalency. Youth receive individualized teaching of subject content within a social-emotional learning framework, enrichment activities, one-on-one tutoring, and test preparation to support them in achieving high school equivalency.

These financial statements include the assets, liabilities, net assets and activities of New Door Ventures, Ashbury Images, and Pedal Revolution (collectively referred to as "New Door Ventures" or the "Organization"). All significant intracompany transactions and balances have been eliminated.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of New Door Ventures and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents are defined as demand deposits at banks and certificates of deposit with initial maturities of less than ninety days. Cash and cash equivalents include certificates of deposit amounting to $0 and $301,498 at December 31, 2019 and 2018, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments are carried at fair value. Investment return consists of investment income, realized gain (loss) and unrealized gain (loss). Realized and unrealized gain or loss on investments is reflected in the statements of activities.

Revenue Recognition

Contribution revenue is recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give – that is, those with a measurable performance or other barriers and a right of return – are not recognized until the conditions on which they depend have been met. Contributions of assets other than cash are recorded at fair value at the date of donation. Contributions and investment gains (losses) and income (loss) that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires or a condition is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions. All unconditional promises to give, which are expected to be received beyond one year, are discounted to their net present value.

The Organization allocates the transaction price to the specific performance obligations. Revenue from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures, are recognized as revenue when the organization has incurred expenditures in compliance with specific contract or grant provisions or when the performance obligations are met and delivered. No amounts of the transaction price were allocated to unsatisfied performance obligations at December 31, 2019. Amounts received prior to incurring qualifying expenditures are reported as grant and contract advances in the statement of financial position. There were no contract assets or liabilities at December 31, 2019.

All grants and contracts receivable at December 31, 2019 and 2018 are considered fully collectible.

Donated Goods and Services

Contributions of donated non-cash assets are recorded at fair value in the period received. Donated services are recognized as contributions, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

A number of individuals and organizations have made contributions of non-cash assets, professional services, and facilities during 2019 and 2018. The value of these contributions is recorded in the accompanying financial statements because the criteria for recognition have been satisfied. New Door Ventures recorded $104,828 and $82,139 of non-cash contributions in the accompanying financial statements for the years ended December 31, 2019 and 2018, respectively. A number of volunteers have made contributions of their time to the Organization. The value of this contributed time is not recorded in the accompanying financial statements because the criteria for recognition have not been satisfied.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain amounts in the prior year presented have been reclassified to conform to the current year financial statement presentation. These reclassifications have no effect on previously reported changes in net assets or results of operations.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are allocated between fund-raising, general and administrative and the appropriate program based on management's evaluation of the related benefits. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Fund-raising expenses are associated with encouraging donations from the general public and with events held by the Organization.

Inventories

Inventory is comprised of bicycles and their accessories and printing materials. Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Accounts Receivable

Accounts receivable amounted to $1,108,937 and $944,824 at December 31, 2019 and 2018, respectively. The allowance for doubtful accounts is based on management's evaluation of outstanding accounts receivable at the end of the year. Allowance for doubtful accounts amounted to $5,136 at December 31, 2019 and 2018. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Compensated Absences

The Organization accrues a liability for vested vacations to which employees are entitled depending on the length of service and other factors. The accompanying financial statements include accrued vacation benefits of $156,917 and $152,925 as of December 31, 2019 and 2018, respectively.

Fair Value of Financial Instruments

The fair value of the Organization's financial instruments reflects the amounts that the Organization expects to receive in connection with the sale of an asset or pay in connection with the transfer of a liability in an orderly transaction between market participants at the measurement date (exit price). Generally Accepted Accounting Principles also established a fair value hierarchy that prioritizes the use of inputs used in valuation techniques into the following three levels:

> Level 1 – Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments (continued)

Level 2 – Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The carrying value of certain financial instruments, including cash and cash equivalents, certificates of deposit, accounts and grants receivable, accounts payable and accrued expenses approximate fair value due to their short-term nature. The carrying value of long-term debt approximates fair value, as the interest rates approximate market rates.

Advertising Costs

Advertising costs are expensed as incurred and amounted to $367 and $508 in 2019 and 2018, respectively.

Property and Equipment

Property and equipment purchased is recorded at cost. Assets acquired by contribution or bequest are stated at estimated fair value at the date of acquisition. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements. Maintenance and repairs are charged to expense as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related depreciation are removed from the accounts and any gain or loss is included in operations. The Organization capitalizes all property and equipment acquisitions in excess of $2,000.

The estimated useful lives of property and equipment are principally as follows:

Buildings and improvements	10-39 years/term of lease (for rented properties)
Office/production equipment	2-10 years
Furniture and fixtures	3-10 years

The Organization's management reviews long-lived tangible and intangible assets with definite lives for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of these assets is measured by comparison of the carrying amount to future undiscounted cash flows the assets are expected to generate.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment (continued)

The Organization considers historical performance and future estimated results in its evaluation of impairment. No impairment has been realized or recorded for the years ended December 31, 2019 and 2018.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include the collectability of grants and accounts receivable, useful lives for determining depreciation of fixed assets, valuation of investments, donated goods and services, accrued expenses, and the allocation of functional expenses.

Revenue Recognition

Revenues on product sales are recognized upon shipment and receipt of payment is reasonably assured. Revenues on repair and installation services are recognized when the services are completed.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) ("ASU 2014-09"). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Entities will need to use more judgment and make more estimates than under currently applicable guidance including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. Analysis of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with this standard.

During February 2016, the FASB issued ASU No. 2016-02, *Leases*. ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing all lease transactions (with terms in excess of 12 months) on the balance sheet as a lease liability and a right-of-use asset (as defined). ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with earlier application permitted. Upon adoption, the lessee will apply the new standard on a modified retrospective approach with a number of optional practical expedients to all periods presented. The practical expedients will, in effect, continue to account for leases that commenced before the effective date in accordance with previous GAAP unless the lease is modified, except that lessees are required to recognize a right-of-use asset and a lease liability for all operating leases based on the present value of the remaining minimum rental payments. The Organization is currently assessing the effect that ASU No. 2016-02 will have on its results of operations, financial position and cash flows.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

In January 2016, the FASB issued ASU 2016-01 "*Financial Instruments ─ Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*". This amendment requires, among other things, equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. This amendment is effective for private companies, not-for-profit organizations, and employee benefit plans, for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019. The adoption of this standard did not have a material impact on the financial statements.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organization, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Organization's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. The Organization adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

In August 2016, the ASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 is effective for annual periods beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019. The adoption of this amendment did not have a material impact on the financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this update address diversity in practice that exists in the classification and presentation of changes in restricted cash on the statement of cash flows. The amendments require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The amendments in the update are effective for fiscal years beginning after December 15, 2018. This standard did not have a material effect on the financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

In June 2018, the FASB issued ASU No. 2018-08 "*Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.*" The new standard provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction based on whether a resource provider is receiving value in return for the resources transferred. Further, the ASU provides additional guidance to help determine whether a contribution is conditional and better distinguish a donor-imposed condition from a donor-imposed restriction. The effective date of this amendment is for fiscal years beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The adoption did not result in a material change to how the Organization accounts for revenue from contributions, grants, and contracts.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement: Disclosure Framework- Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820).* This ASU is effective for fiscal years beginning after December 15, 2019, with early adoption permissible. This ASU removes certain disclosures, modifies certain disclosures and adds additional disclosures related to fair value measurement. The Organization is evaluating the impact this will have on its financial statements.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has $4,422,081 of financial assets available within one year from the statement of financial position date to meet cash needs for general expenditures consisting of substantially cash and cash equivalents of $2,181,691, accounts receivable of $1,108,937, contracts receivable of $225,017, investments of $656,436, and unconditional promises to give of $250,000. None of the financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position. The accounts and contracts receivable are expected to be collected within one year. The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet around 3 months of normal operating expenses, which are on average, approximately $586,000 a month. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 4 – INVENTORY

Inventory, which is primarily composed of bicycles, accessories and parts, and screen printing materials, amounted to $260,130 and $240,460 at December 31, 2019 and 2018, respectively. Reserves for obsolescence amounted to $0 at December 31, 2019 and 2018.

NOTE 5 – INVESTMENTS

Investments consist primarily of certificates of deposit with initial maturity of greater than 90 days and are stated at fair value. The balance of the certificates of deposit and other investments was $656,436 and $2,281,874 at December 31, 2019 and 2018, respectively.

The following table represents New Door Ventures' fair value hierarchy for its financial assets measured at fair value using available quoted prices as of December 31, 2019:

	Level 1	Level 2	Level 3	Total
Certificates of Deposit	$ -	$ 607,351	$ -	$ 607,351
Cash Equivalents	28,734	-	-	28,734
Exchange Traded Funds	5,081	-	-	5,081
U.S Equities	15,270	-	-	15,270
Total	$ 49,085	$ 607,351	$ -	$ 656,436

The following table represents New Door Ventures' fair value hierarchy for its financial assets measured at fair value using available quoted prices as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
Certificates of Deposit	$ -	$ 2,256,891	$ -	$ 2,256,891
U.S Equities	24,983	-	-	24,983
Total	$ 24,983	$ 2,256,891	$ -	$ 2,281,874

Net appreciation was not deemed significant at December 31, 2019 and 2018. Investment income (loss) amounted to $49,101 and $(14,077) for years ended December 31, 2019 and 2018, respectively.

NOTE 6 – PROPERTY AND EQUIPMENT

The following is a summary of property and equipment; at cost less accumulated depreciation, at December 31:

	2019	2018
Land and buildings	$ 4,563,413	$ 4,563,413
Improvements	2,208,284	2,199,903
Furniture and fixtures	181,115	181,115
Office/production equipment	435,778	435,283
	7,388,590	7,379,714
Less: accumulated depreciation	(1,759,605)	(1,632,135)
Total	$ 5,628,985	$ 5,747,579

NOTE 6 – PROPERTY AND EQUIPMENT (continued)

Depreciation of property and equipment, including property and equipment held under capital lease, amounted to $127,471 and $171,942 for the years ended at December 31, 2019 and 2018, respectively. Property and equipment held under capital lease had a capitalized cost of $154,771. At December 31, 2019 and 2018, Property and equipment held under capital lease was fully depreciated with a net book value of $0.

NOTE 7 – UNCONDITIONAL PROMISES TO GIVE

New Door Ventures records unconditional promises to give from foundations and individuals at their net present value, net of allowance for doubtful amounts and discount. The discount rate was 6.00% at December 31, 2019 and 2018.

Unconditional promises to give are expected to be received as follows as of December 31:

	2019	2018
Promises to give in less than one year	$ 250,000	$ 25,000
Promises to give in one to five years	-	-
Total promises to give	250,000	25,000
Less unamortized discount	-	-
Net promises to give	$ 250,000	$ 25,000

NOTE 8 – CONCENTRATIONS

The Organization maintains its cash balances at various financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures account balances up to $250,000. The Organization had uninsured balances of $237,378 and $337,225 at December 31, 2019 and 2018, respectively.

As of December 31, 2019, three customers of AIM accounted for 65% of its total accounts receivable. As of December 31, 2018, one customer of AIM accounted for 47% of its total accounts receivable. In 2019, two customers of AIM accounted for 26% of its total service revenue. In 2018, one customer of AIM accounted for over 11% of its total service revenue.

As of December 31, 2019, two donors accounted for 100% of New Door promises to give amounting to $250,000. In 2019, one major donor accounted for 29% of New Door contributions revenue. As of December 31, 2018, two major donors accounted for 57% of New Door promises to give. In 2018, one major donor accounted for 10% of New Door contributions.

NOTE 9 – LEASE COMMITMENTS

The Organization has a lease for its Ashbury Images manufacturing and retail enterprise space in San Francisco, which is set to expire on December 31, 2021. The lease requires monthly payments of $12,485 beginning in 2017 with the monthly payments increasing by approximately 3% each year thereafter until expiration. Rent expense under the existing lease agreement amounted to $162,508 and $162,647 for the years ended December 31, 2019 and 2018, respectively.

In February 2019, the Organization signed a sublease agreement for office space in Oakland, California. The lease agreement begins on January 1, 2019 and ends on December 31, 2019 with a monthly payment is $2,000. The lease was renewed from January 1, 2020 to December 31, 2020 with a monthly payment of $2,060.

Future minimum lease payments under the new operating lease agreement as of December 31, 2019 are as follows:

Years End December 31:		
2020	$	163,712
2021		168,624
Total	$	332,336

NOTE 10 – PENSION PLAN

The Organization has a 403(b) deferred compensation plan covering eligible employees who meet certain criteria as defined in the Plan. The Organization may make a matching contribution up to 100% of employee's elective deferrals but not exceeding 4% of the employee's compensation. The Organization contributed $76,087 and $53,511 during the years ended December 31, 2019 and 2018, respectively.

NOTE 11 – LONG-TERM DEBT

Long-term debt consists of a note payable (the note) to the Bank of Marin secured by real property at 3221 20th Street, San Francisco, bearing interest at 2.97% per annum through September 2020, after which the interest rate will be adjusted to 66% of the sum of (a) the then-current 3-year treasury constant maturity rate plus (b) 2.39%; provided that in no event shall the adjusted interest rate be less than 2.97%. The long-term debt was paid in full on December 27, 2019.

The note is payable in monthly installments of $8,658 including principal and interest, and due in April 2044. The note balance was $0 and $1,839,315 at December 31, 2019 and 2018, respectively.

The debt agreement with the bank contains certain financial covenants that require a minimum debt service coverage ratio of 1.35 to 1.00. The Organization was in compliance with the financial covenants at December 31, 2019.

Interest expense amounted to $58,426 and $56,172 during 2019 and 2018, respectively.

NOTE 12 – RELATED PARTY TRANSACTIONS

A number of members of the board of directors made contributions to support the Organization's youth development program and capital campaign. Contributions received in 2019 and 2018 amounted to approximately $309,641 and $271,557, respectively.

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31:

	2019	2018
Youth programs – training	$ 250,000	$ 75,000
Total	$ 250,000	$ 75,000

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the purposes specified by donors as follows at December 31:

	2019	2018
Youth programs – training	$ 325,000	$ 930,000
Social enterprises	-	25,000
Total	$ 325,000	$ 955,000

NOTE 14 – INCOME TAXES

New Door Ventures was incorporated under the laws of the State of California and granted tax-exempt status by the Internal Revenue Service under Section 501(c)(3) and by the California Franchise Tax Board under Section 23701(d) of the California Revenue and Taxation Code. New Door Ventures is generally no longer subject to tax examinations relating to federal and state tax returns for years prior to 2015.

New Door Ventures has been classified as an organization that is not a private foundation under Section 509(a)(1) and has been designated as a "publicly supported" organization under Section 170(b)(1)(A)(vi) of the Code.

New Door Ventures assesses its accounting for uncertainty in income taxes recognized in its Financial Statements and prescribes a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in the tax returns. There was no material impact on the Financial Statements as a result of the adoption of this policy.

NOTE 15 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events for recognition and disclosure through June 18, 2020, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2019 that required recognition or disclosure in the financial statements, except as disclosed below.

On May 1, 2020, New Door Ventures received loan proceeds in the amount of approximately $733,000 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. New Door Ventures intends to use the proceeds for purposes consistent with the PPP.

In early 2020, an outbreak of a novel strain of coronavirus was identified and infections have been found in a number of countries around the world, including the United States. The coronavirus and the impact of restrictions and regulations promulgated to control it, including customer demand, travel, employee productivity, supply chain, and other economic activities has had, and may continue to have, a significant effect on financial markets and business activity. The extent of the impact of the coronavirus on New Door Ventures operations and financial performance can be uncertain.

On May 11, 2020, as a result of the coronavirus pandemic, the board of directors approved a resolution for the closure of the two social enterprise businesses: Ashbury Images and Pedal Revolution. Management of New Door Ventures can execute the closure through: (1) sale of business; (2) sale of assets; (3) transfer of the business to another organization; or (4) immediate shut down.

SUPPLEMENTARY INFORMATION

New Door Ventures
Supplementary Information
Schedule of Revenue, Support, Expenses, and Changes in Net Assets
For the year ended December 31, 2019

	New Door Ventures	Ashbury Images	Pedal Revolution	Total
Revenue and Support				
Revenue:				
Enterprise revenue	$ -	$ 1,724,708	$ 549,343	$ 2,274,051
Government grants	876,950	-	-	876,950
Investment income (loss)	49,101	-	-	49,101
Fundraising event, net of costs	(49,356)	-	-	(49,356)
Other income (expense)	6,430	(15,625)	-	(9,195)
Support:				
Contributions	1,865,621	-	-	1,865,621
In-Kind Donations	55,178	-	49,650	104,828
Foundation grants	3,476,157	-	-	3,476,157
Total Revenue and Support	6,280,081	1,709,083	598,993	8,588,157
Expenses:				
Program Services:				
Ashbury Images	-	2,183,831	-	2,183,831
Pedal Revolution	-	-	765,650	765,650
Education	134,087	-	-	134,087
Youth employment-San Francisco	1,404,398	-	-	1,404,398
Youth employment-East Bay	1,212,268	-	-	1,212,268
Total Program Services	2,750,753	2,183,831	765,650	5,700,234
Supporting Services:				
Fundraising	689,664	-	-	689,664
General and administrative	612,419	-	-	612,419
Total Supporting Services	1,302,083	-	-	1,302,083
Total Expenses	4,052,836	2,183,831	765,650	7,002,317
Change in Net Assets	$ 2,227,245	$ (474,748)	$ (166,657)	$ 1,585,840