Open Door Mission

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2024 and 2023

Open Door Mission

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Independent Auditors' Report

To the Board of Directors of
Open Door Mission:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Open Door Mission, which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, of functional expenses, and of 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 Open Door Mission as of December 31, 2024 and 2023, 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Open Door Mission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Open Door Mission's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Open Door Mission'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 Open Door Mission'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.

Blazek & Vetterling

August 25, 2025

Open Door Mission

Statements of Financial Position as of December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash	$ 561,863	$ 790,728
Contributions receivable	5,000	24,267
Investments *(Note 3)*	66,981	309,622
Prepaid expenses and program services receivable	39,939	2,842
Property and equipment, net *(Note 4)*	1,908,221	2,116,242
TOTAL ASSETS	$ 2,582,004	$ 3,243,701
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	$ 85,367	$ 67,614
Commitments and contingencies *(Note 7)*		
Net assets:		
Without donor restrictions	2,429,424	3,123,574
With donor restrictions *(Note 6)*	67,213	52,513
Total net assets	2,496,637	3,176,087
TOTAL LIABILITIES AND NET ASSETS	$ 2,582,004	$ 3,243,701

See accompanying notes to financial statements.

Open Door Mission

Statement of Activities for the year ended December 31, 2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Financial contributions	$ 1,298,460	$ 556,500	$ 1,854,960
Nonfinancial contributions *(Note 5)*	210,055		210,055
Special event	390,940		390,940
Direct donor benefit costs	(116,621)		(116,621)
Program service revenues	122,856		122,856
Net investment return and other income	8,921		8,921
Total revenue	1,914,611	556,500	2,471,111
Net assets released from restrictions:			
Program expenditures	497,403	(497,403)	
Capital expenditures	44,397	(44,397)	
Total	2,456,411	14,700	2,471,111
EXPENSES:			
Recovery programs	2,633,427		2,633,427
Management and general	295,638		295,638
Fundraising	221,496		221,496
Total expenses	3,150,561		3,150,561
CHANGES IN NET ASSETS	(694,150)	14,700	(679,450)
Net assets, beginning of year	3,123,574	52,513	3,176,087
Net assets, end of year	$ 2,429,424	$ 67,213	$ 2,496,637

See accompanying notes to financial statements.

Open Door Mission

Statement of Activities for the year ended December 31, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Financial contributions	$ 1,558,738	$ 898,824	$ 2,457,562
Nonfinancial contributions *(Note 5)*	169,647		169,647
Special event	426,484		426,484
Direct donor benefit costs	(113,700)		(113,700)
Program service revenues	87,747		87,747
Net investment return and other income	15,645		15,645
Total revenue	2,144,561	898,824	3,043,385
Net assets released from restrictions:			
Program expenditures	856,944	(856,944)	
Capital expenditures	16,544	(16,544)	
Total	3,018,049	25,336	3,043,385
EXPENSES:			
Recovery programs	2,547,732		2,547,732
Management and general	251,583		251,583
Fundraising	245,411		245,411
Total expenses	3,044,726		3,044,726
CHANGES IN NET ASSETS	(26,677)	25,336	(1,341)
Net assets, beginning of year	3,150,251	27,177	3,177,428
Net assets, end of year	$ 3,123,574	$ 52,513	$ 3,176,087

See accompanying notes to financial statements.

Open Door Mission

Statement of Functional Expenses for the year ended December 31, 2024

	RECOVERY PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries	$ 1,203,186	$ 119,352	$ 105,438	$ 1,427,976
Employee benefits	209,012	21,678	19,150	249,840
Payroll taxes	84,692	8,784	7,760	101,236
Depreciation	256,794	3,586	2,007	262,387
In-kind food and kitchen supplies	192,549			192,549
Utilities	187,343	2,442	1,367	191,152
Supplies	144,817	1,131	21,350	167,298
Professional services	17,506	113,523	2,584	133,613
Insurance	118,454	2,422	1,644	122,520
Telephone, internet and computer	75,817	4,479	27,836	108,132
Repairs and maintenance	92,307	1,288	722	94,317
Printing, postage and advertising	2,808	336	19,399	22,543
Equipment rental	10,430	1,082	6,874	18,386
Travel	8,557	2,754	2,966	14,277
Vehicle repairs and maintenance	13,748			13,748
Bank services		10,962		10,962
Dues and subscriptions	643	1,819	435	2,897
Other	14,764		1,964	16,728
Total expenses	$ 2,633,427	$ 295,638	$ 221,496	3,150,561
Direct donor benefit costs				116,621
Total				$ 3,267,182

See accompanying notes to financial statements.

Open Door Mission

Statement of Functional Expenses for the year ended December 31, 2023

	RECOVERY PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries	$ 1,296,044	$ 109,782	$ 112,863	$ 1,518,689
Employee benefits	223,579	24,245	22,225	270,049
Payroll taxes	79,935	8,003	7,337	95,275
Depreciation	201,098	2,809	1,571	205,478
In-kind food and kitchen supplies	114,105			114,105
Utilities	129,450	1,723	965	132,138
Supplies	124,085	2,717	11,806	138,608
Professional services	55,571	49,188	29,500	134,259
Insurance	118,004	2,497	1,750	122,251
Telephone, internet and computer	66,853	977	28,096	95,926
Repairs and maintenance	82,071	1,146	641	83,858
Printing, postage and advertising	9,269	2,369	14,381	26,019
Equipment rental	10,805	1,082	4,399	16,286
Travel	9,919	1,849	3,573	15,341
Vehicle repairs and maintenance	15,946			15,946
Bank services		29,041		29,041
Dues and subscriptions	3,975	4,834	1,408	10,217
Other	7,023	9,321	4,896	21,240
Total expenses	$ 2,547,732	$ 251,583	$ 245,411	3,044,726
Direct donor benefit costs				113,700
Total				$ 3,158,426

See accompanying notes to financial statements.

Open Door Mission

Statements of Cash Flows for the years ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ (679,450)	$ (1,341)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	262,387	205,478
Net realized and unrealized gain on investments	(425)	(7,030)
Contributed common stock	(23,534)	
Changes in operating assets and liabilities:		
Contributions receivable	19,267	(10,934)
Prepaid expenses and program services receivable	(37,097)	(1,047)
Accounts payable and accrued liabilities	17,753	31,437
Net cash provided (used) by operating activities	(441,099)	216,563
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(8,026)	(8,614)
Proceeds from sales of investments	275,000	100,010
Net change in money market mutual funds held as investments	(374)	
Purchases of property and equipment	(54,366)	(26,265)
Net cash provided by investing activities	212,234	65,131
NET CHANGE IN CASH	(228,865)	281,694
Cash, beginning of year	790,728	509,034
Cash, end of year	$ 561,863	$ 790,728

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Open Door Mission (Open Door) is a faith-based recovery and rehabilitation program and facility dedicated to transforming the lives of the most severely addicted, destitute, homeless, and disabled men in the Houston community. The Doorway Program provides a 7-month intensive and supportive residential treatment program with optional transitional living aftercare treatment for up to 6 additional months. Open Door offers residents, through its education and technology center, GED services, post-secondary education on-line classes, and basic computer classes. Open Door's Convalescent Care Center, operated under a cooperative agreement with Harris Health System (Harris Health), can house up to 28 homeless men who have been released from care who need extended convalescence and monitoring following illness. The Convalescent Care Center ceased admissions in May 2024.

Federal income tax status – Open Door is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1).

Cash concentration – Bank deposits exceed the federally insured limit per depositor per institution.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in more than one year are discounted to estimate the present value of future cash flows, if material. Amortization of discounts is included in contribution revenue. At December 31, 2024, all contributions receivable are expected to be collected within one year.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Property and equipment is reported at cost if purchased or at fair value at the date of gift if donated. Generally, acquisitions of property in excess of $5,000 and a useful life of more than one year are capitalized. Depreciation is provided using the straight-line method over estimated useful lives of 5 to 30 years.

Net asset classification – Net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before Open Door is entitled to receive or retain funding. Conditional contributions are recognized in the same manner when the conditions are met.

Donated materials and services – Donated materials are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recorded in the financial statements because the donated services did not meet the criteria for recognition under generally accepted accounting principles.

Special event revenue is the total amount paid by attendees of an event and includes elements of both contributions and exchange transactions. Special event revenue is recognized when the event occurs. Direct donor benefit costs represent the cost of goods and services provided to attendees of the special event.

Program service revenues are derived from rental payments, client subsidy payments, and catering training programs and are recognized at a point in time when services are provided. Accounts receivable arising from program service revenues at December 31, 2024, 2023 and 2022 are $3,686, $2,542 and $1,495, respectively. There are no other assets or liabilities resulting from program service revenues at December 31, 2024, 2023, or 2022.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation of property and equipment, occupancy costs, and information technology costs are allocated based on square footage.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

	2024	2023
Financial assets:		
Cash	$ 561,863	$ 790,728
Contributions receivable	5,000	24,267
Investments	66,981	309,622
Program services receivable	3,686	2,542
Total financial assets available for general expenditure	$ 637,530	$ 1,127,159

Open Door is substantially supported by contribution revenues. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Open Door considers all expenditures related to operating a recovery and rehabilitation facility for homeless, addicted, destitute and disabled men, as well as the conduct of services undertaken to support those activities, to be general expenditures.

As part of Open Door's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Additionally, in July 2023, Open Door entered into a $475,000 revolving credit loan agreement with a bank that is secured by property and expired in January 2025. No amounts were drawn on the loan during 2024 or 2023. In April 2025, a revolving credit loan was entered into for $450,000 expiring in April 2028 and secured by property.

New leadership at Open Door is actively pursuing measures to strengthen liquidity, including closely monitoring cash flow, prioritizing essential expenditures, and identifying opportunities to optimize operational efficiency. The leadership at Open Door is also exploring diversified funding sources, including grants, community partnerships, and donor outreach initiatives, to ensure sustained program delivery. These efforts are designed to maintain financial stability while continuing to meet the Open Door's core commitment to serving men in need.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. 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. All of Open Door's investments are measured using Level 1 inputs, which are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.

Assets measured at fair value using Level I inputs consist of the following:

	2024	2023
Bond mutual funds – short-term index	$ 37,385	$ 302,465
Common stock	22,065	
Money market mutual funds	7,531	7,157
Total investments measured at fair value	$ 66,981	$ 309,622

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at the reported net asset value of shares held.
- *Common stock* is valued at the closing price reported on the active market on which the individual securities are traded.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Open Door believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, 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 statement of financial position and statement of activities.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2024	2023
Land	$ 54,101	$ 54,101
Buildings and improvements	5,666,604	5,647,304
Furniture, equipment and software	1,108,159	1,028,204
Vehicles	242,915	242,915
Construction in progress		44,889
Total	7,071,779	7,017,413
Accumulated depreciation	(5,163,558)	(4,901,171)
Property and equipment, net	$ 1,908,221	$ 2,116,242

In April 2024, Open Door entered into a lease agreement with Harris Health. The agreement provides for Harris Health to have the use of and access to 1,250 square feet of space on Open Door's campus for use as a preventative and primary health care, psychiatric care, and outreach clinic for the homeless. The lease is for six years from April 2, 2024 and is at no cost to Harris Health. As part of the agreement, Harris Health will make capital improvements to the space for use as a clinic. As of December 31, 2024, no improvements have been made to the space and the clinic is not operating at December 31, 2024.

NOTE 5 – NONFINANCIAL CONTRIBUTIONS

Contributed nonfinancial assets were recognized as follows:

CONTRIBUTED NONFINANCIAL ASSETS	MONETIZED OR UTILIZED IN PROGRAMS/ ACTIVITIES	DONOR RESTRICTIONS	VALUATION TECHNIQUES AND INPUTS	FISCAL YEAR 2024	FISCAL YEAR 2023
Food and kitchen supplies	Utilized for meals for residents	None	Fair value estimated using the latest Feeding America price per pound for food commodities.	$192,549	$114,076
Counseling services	Utilized in recovery programs	None	Fair value estimated based on estimated hours of service provided and U. S. Bureau of Labor Statistics' hourly mean wage for mental health counselors.	17,506	55,571
Total contributed nonfinancial assets				$210,055	$169,647

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	2024	2023
Subject to expenditure for specified purpose:		
Program services	$ 62,213	$ 29,534
For use in 2025 and 2026	5,000	
Furniture and equipment		22,979
Total net assets with donor restrictions	$ 67,213	$ 52,513

NOTE 7 – COMMITMENTS AND CONTINGENCIES

In September 2009, Open Door executed a Deed of Trust in favor of the Federal Home Loan Bank of Atlanta (FHLBA). FHLBA provided Open Door $750,000 for the partial rehabilitation of one of its buildings. In accordance with the agreement, no principal or interest payments are required on the advance as long as the building remains available as a housing facility to eligible individuals for a fifteen-year period from the date of project completion, which was April 5, 2011. Open Door's management believes that the property is being operated in compliance with this agreement and will continue to be until April 5, 2026; therefore, no liability has been recognized in these financial statements.

NOTE 8 – RETIREMENT PLAN

Substantially all Open Door employees are covered by a §401(k) defined contribution retirement plan. Employees are eligible to participate in the plan and receive matching contributions at their date of hire. Open Door matches 100% of employee contributions up to 4% of salary. Open Door contributed $26,874 to the plan during 2024 and $31,066 during 2023.

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 25, 2025, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.