Financial Statements with Report of Independent Auditors Thereon

New Door Ventures

For the Years Ended
December 31, 2014 and 2013

PMB Helin Donovan
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

New Door Ventures

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PMB Helin Donovan
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of New Door Ventures (a not-for-profit organization) including the Statements of Financial Position as of December 31, 2014 and 2013, 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 auditor 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 New Door Ventures as of December 31, 2014 and 2013 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2015, on our consideration of New Door Ventures' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Door Ventures' internal control over financial reporting and compliance.

PMB Helin Donovan, LLP

PMB Helin Donovan, LLP

San Francisco, California
May 11, 2015

New Door Ventures
Statements of Financial Position
As of December 31, 2014 and 2013

	2014	2013
ASSETS		
Assets:		
Cash and cash equivalents	$ 4,516,079	$ 2,854,819
Investments, at fair value	246,697	246,333
Accounts receivable, net	122,236	166,054
Contracts and grants receivable	238,695	141,487
Unconditional promises to give, net	745,931	812,243
Inventory, net	240,971	241,261
Prepaid expenses and other assets	274,910	240,557
Deposits	4,640	4,540
Property and equipment, net of accumulated depreciation and amortization	6,390,114	7,224,295
Intangible assets, net of accumulated amortization	66,173	99,260
Total Assets	$ 12,846,446	$ 12,030,849
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 485,656	$ 1,186,665
Debt	2,021,755	2,050,000
Total Liabilities	2,507,411	3,236,665
Net Assets:		
Unrestricted	9,430,142	7,796,941
Temporarily restricted	908,893	997,243
Total Net Assets	10,339,035	8,794,184
Total Liabilities and Net Assets	$ 12,846,446	$ 12,030,849

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

New Door Ventures
Statement of Activities
For the year ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenue and Support:			
Revenue:			
Service revenue	$ 2,822,138	$ -	$ 2,822,138
Government contracts	585,173	-	585,173
Investment income	9,455	-	9,455
Fundraising event (net of costs)	136,289	-	136,289
Gain on sale of buidling	571,507	-	571,507
Other income	3,080	-	3,080
Support:			
Contributions	1,199,212	6,100	1,205,312
Foundation grants	1,184,947	870,050	2,054,997
Net assets released from restrictions	964,500	(964,500)	-
Total Revenue and Support	7,476,301	(88,350)	7,387,951
Expenses:			
Program Services:			
Ashbury images	2,450,304	-	2,450,304
Pedal revolution	757,614	-	757,614
Tech Door	200,858	-	200,858
Youth development	1,417,047	-	1,417,047
Total Program Services	4,825,823	-	4,825,823
Supporting Services:			
Fundraising	615,023	-	615,023
General and administrative	402,254	-	402,254
Total Supporting Services	1,017,277	-	1,017,277
Total Expenses	5,843,100	-	5,843,100
Changes in Net Assets	1,633,201	(88,350)	1,544,851
Net Assets, beginning of year	7,796,941	997,243	8,794,184
Net Assets, end of year	$ 9,430,142	$ 908,893	$ 10,339,035

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

New Door Ventures
Statement of Activities
For the year ended December 31, 2013

	Unrestricted		Temporarily	
	Undesignated	Board Designated	Restricted	Total
Revenue and Support:				
Revenue:				
Service revenue	$ 3,183,714	$ -	$ -	$ 3,183,714
Government contracts	329,357	-	-	329,357
Investment income	29,927	-	-	29,927
Fundraising event (net of costs)	47,188	-	-	47,188
Other income (expense)	18,515	-	-	18,515
Support:				
Contributions	339,945	-	790,669	1,130,614
Foundation grants	1,079,562	-	73,008	1,152,570
Net assets released from restrictions	3,956,094	(2,250,000)	(1,706,094)	-
Total Revenue and Support	8,984,302	(2,250,000)	(842,417)	5,891,885
Expenses:				
Program Services:				
Ashbury images	2,479,652	-	-	2,479,652
Pedal revolution	842,311	-	-	842,311
Tech Door	-	-	-	-
Youth development	1,110,904	-	-	1,110,904
Total Program Services	4,432,867	-	-	4,432,867
Supporting Services:				
Fundraising	625,774	-	-	625,774
General and administrative	431,683	-	-	431,683
Total Supporting Services	1,057,457	-	-	1,057,457
Total Expenses	5,490,324	-	-	5,490,324
Changes in Net Assets	3,493,978	(2,250,000)	(842,417)	401,561
Net Assets, beginning of year	4,302,963	2,250,000	1,839,660	8,392,623
Net Assets, end of year	$ 7,796,941	$ -	$ 997,243	$ 8,794,184

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

New Door Ventures
Statements of Cash Flows
For the years ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	$ 1,544,851	$ 401,561
Non-cash Items:		
Depreciation and amortization	263,830	128,347
Gain on sale of building	(571,507)	-
Unrealized gain on investments	(364)	(1,457)
Donated stocks	(38,750)	(64,717)
Donated furniture	-	(89,223)
Amortization of discount and reserve on pledges receivable	(12,138)	(50,820)
Debt forgiveness from Robert Foundation	-	(74,500)
(Increase) decrease in operating assets:		
Contracts and grants receivable	(97,208)	(11,740)
Accounts receivable	43,817	14,225
Unconditional promises to give, net	78,450	261,754
Inventory	290	9,846
Prepaid expenses and other assets	(34,353)	(47,384)
Deposits	(100)	105,743
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(701,008)	848,713
Net cash provided by operating activities	475,810	1,430,348
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(225,055)	(1,909,610)
Purchase of building	-	(3,875,000)
Proceeds from sale of building	1,400,000	-
Purchase of customer list	-	(99,260)
Purchase of investments	-	(4,227)
Proceeds from sale of investments	38,750	685,484
Net cash provided by/(used in) investing activities	1,213,695	(5,202,613)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(28,245)	(424,179)
Proceeds from long-term debt	-	2,050,000
Net cash (used in)/provided by financing activities	(28,245)	1,625,821
Net (decrease)/increase in cash and cash equivalents	1,661,260	(2,146,444)
Cash and cash equivalents, beginning of year	2,854,819	5,001,263
Cash and cash equivalents, end of year	$ 4,516,079	$ 2,854,819
Supplementary disclosure of cash flow information:		
Stock donation	$ 38,750	$ 64,717
Cash paid during the year for interest	$ 56,240	$ 39,297
Non-cash donations	$ 26,948	$ 89,223

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

New Door Ventures
Statement of Functional Expenses
For the year ended December 31, 2014

	Program Services				Total	Supporting Services		Total	
	Ashbury Images	Pedal Revolution	Tech Door	Youth Development	Total Program Services	Fundraising	General and Administrative	Total Supporting Services	Total Expenses
Personnel	$ 872,839	$ 280,081	$ 148,862	$ 902,026	$ 2,203,808	$ 424,933	$ 157,241	$ 582,174	$ 2,785,982
Employer payroll taxes	72,310	16,631	9,266	65,001	163,208	27,427	13,019	40,446	203,654
Employee benefits	113,716	27,638	6,646	81,221	229,221	33,604	30,796	64,400	293,621
Bad debt	543	-	-	-	543	-	-	-	543
Conferences	-	314	-	-	314	300	5,226	5,526	5,840
Consultants and outside services	24,109	11,381	2,301	30,819	68,610	66,106	124,248	190,354	258,964
Depreciation and amortization	121,386	12,102	8,404	100,542	242,434	10,698	10,698	21,396	263,830
Equipment/repairs	5,448	207	792	9,361	15,808	2,503	7,938	10,441	26,249
Fees and dues	29,458	14,124	72	1,092	44,746	4,228	17,851	22,079	66,825
Insurance	49,689	21,881	-	21,988	93,558	7,822	2,953	10,775	104,333
Interest	5,495	-	5,221	40,972	51,688	-	4,552	4,552	56,240
Maintenance/utilities	51,630	12,498	2,968	25,010	92,106	4,318	5,209	9,527	101,633
Miscellaneous	11,419	2,274	57	6,130	19,880	47	258	305	20,185
Occupancy	66,362	-	-	-	66,362	-	-	-	66,362
Office supplies	8,154	1,944	1,198	8,117	19,413	6,164	7,274	13,438	32,851
Outreach and promotions	8,736	-	1,613	4,837	15,186	6,591	391	6,982	22,168
Postage and shipping	50,546	4,981	-	438	55,965	2,808	494	3,302	59,267
Printing and copying	-	-	-	-	-	2,458	-	2,458	2,458
Program cost of goods sold	944,919	346,150	-	-	1,291,069	-	-	-	1,291,069
Program supplies	-	-	345	42,621	42,966	216	-	216	43,182
Staff and board	1,587	2,158	2,551	5,217	11,513	5,387	7,604	12,991	24,504
Telephone	11,173	2,583	1,184	12,184	27,124	3,228	1,961	5,189	32,313
Transportation	785	667	9,378	59,471	70,301	6,185	4,541	10,726	81,027
Total Expenses	$ 2,450,304	$ 757,614	$ 200,858	$ 1,417,047	$ 4,825,823	$ 615,023	$ 402,254	$ 1,017,277	$ 5,843,100

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

New Door Ventures
Statement of Functional Expenses
For the year ended December 31, 2013

	Program Services				Total	Supporting Services		Total	
	Ashbury Images	Pedal Revolution	Tech Door	Youth Development	Total Program Services	Fundraising	General and Administrative	Total Supporting Services	Total Expenses
Personnel	$ 859,549	$ 318,115	$ -	$ 736,294	$ 1,913,958	$ 435,440	$ 175,531	$ 610,971	$ 2,524,929
Employer payroll taxes	67,796	20,124	-	53,134	141,054	27,943	11,084	39,027	180,081
Employee benefits	97,429	20,702	-	56,891	175,022	36,392	39,755	76,147	251,169
Bad debt	820	-	-	-	820	-	-	-	820
Conferences	-	-	-	-	-	-	8,874	8,874	8,874
Consultants and outside services	17,934	12,401	-	62,739	93,074	68,796	49,980	118,776	211,850
Depreciation and amortization	83,370	12,015	-	25,545	120,930	5,561	1,856	7,417	128,347
Equipment/repairs	8,871	78	-	5,038	13,987	2,262	1,301	3,563	17,550
Fees and dues	28,074	15,140	-	3,478	46,692	3,423	108,449	111,872	158,564
Insurance	38,054	19,936	-	16,991	74,981	8,732	6,930	15,662	90,643
Interest	15,195	5,823	-	15,234	36,252	-	3,045	3,045	39,297
Maintenance/utilities	42,240	11,134	-	16,078	69,452	4,778	1,290	6,068	75,520
Miscellaneous	11,289	3,887	-	2,094	17,270	-	2,220	2,220	19,490
Occupancy	67,922	-	-	-	67,922	-	-	-	67,922
Office supplies	10,166	1,658	-	5,617	17,441	2,546	2,607	5,153	22,594
Outreach and promotions	11,934	1,140	-	4,547	17,621	6,898	320	7,218	24,839
Postage and shipping	49,573	3,833	-	575	53,981	1,149	761	1,910	55,891
Printing and copying	54	-	-	924	978	1,976	122	2,098	3,076
Program cost of goods sold	1,049,794	392,674	-	-	1,442,468	3,854	-	3,854	1,446,322
Program supplies	-	-	-	39,474	39,474	818	1,036	1,854	41,328
Staff and board	2,832	796	-	7,623	11,251	5,430	9,639	15,069	26,320
Telephone	10,648	2,616	-	9,673	22,937	3,507	2,060	5,567	28,504
Transportation	6,108	239	-	48,955	55,302	6,269	4,823	11,092	66,394
Total Expenses	$ 2,479,652	$ 842,311	$ -	$ 1,110,904	$ 4,432,867	$ 625,774	$ 431,683	$ 1,057,457	$ 5,490,324

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

NOTE 1 – ORGANIZATION

Founded in 1981, New Door Ventures (New Door or Organization) is a 501(C)(3) tax-exempt organization located in the Mission District of San Francisco. New Door prepares disconnected 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 San Francisco, there are approximately 8,000 (16 to 24-year-olds) who are 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. Youth interns receive specialized training at their respective job sites, and support in pursuing further education and a healthy and responsible lifestyle. New Door employs youth interns at one of two financially sustainable social enterprises or at any of the 50+ partner businesses and organizations in and around San Francisco.

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 invests with the goal that 85%+ of its graduates will go on to further education and/or mainstream jobs. For additional information, please visit www.newdoor.org

More about the social enterprises of New Door Ventures:

Ashbury Images 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. Pedal Revolution provides disconnected youth with paid internships working with professional mechanic and sales staff, in which they receive hands-on training in work and life skills. www.pedalrevolution.org

Tech Door is a social enterprise solution that serves both youth clients and business customers in the market for online staffing. Tech Door has partnered with a market-leading online workforce platform that enables youth participants to engage in relevant, ongoing work in an online environment for customers of all sizes. Tech Door is a pilot program and is currently being evaluated for efficacy and sustainability in support of New Door Ventures' larger mission.

NOTE 1 – ORGANIZATION (continue)

Youth Development helps at-risk youth prepare for work and life so that they can discover and use their potential as they successfully transition to adulthood. We provide the practical work experience, job training and deep individual support that enables transitional-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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Statement Presentation

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:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions or otherwise limited by contractual arrangements with outside parties, but may be designated for specific purposes by action of the Board of Directors. Upon the acquisition on the new building in San Francisco in 2013. All of the Board Designated funds were released to unrestricted funds.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed restrictions that can be fulfilled either by actions of the Organization pursuant to those stipulations and/or expire with the passage of time.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed restrictions that the Organization must maintain. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. At December 31, 2014 and 2013 the Organization had no permanently restricted net assets.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary 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. Donor restricted revenues whose restrictions are met in the same period are reported as increases to unrestricted 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 approximately $1,663,225 and $340,248 at December 31, 2014 and 2013.

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 are reflected in the statements of activities.

Contributions

Contribution revenue is recognized when the donor makes a promise to give that is, in substance, unconditional. Grant revenue is recognized as earned and expenses are recognized as incurred. Contributions of assets other than cash are recorded at fair value at the date of donation. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. All unconditional promises to give, which are expected to be received beyond one year, are discounted to their net present value. All grants and contracts receivable at December 31, 2014 and 2013 are considered fully collectable.

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 organizations have made contributions of non-cash assets, professional services, and facilities during 2014 and 2013. The value of these contributions is recorded in the accompanying financial statements because the criteria for recognition have been satisfied. New Door recorded $26,948 and $89,223 of non-cash contributions in the accompanying financial statements for the years ended December 31, 2014 and 2013, 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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable consist primarily of custom screen-print and embroidery sales. Accounts receivable amounted to $127,372 and $171,190 at December 31, 2014 and 2013, respectively. The allowance for doubtful accounts is based on management evaluation of outstanding accounts receivable at the end of the year. Allowance for doubtful accounts amounted to $5,136 at December 31, 2014 and 2013.

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 $80,915 and $89,484 as of December 31, 2014 and 2013, respectively.

Fair Value of Financial Instruments

The fair value of the Organization's financial instruments reflects the amounts that the Organization expect 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 and liabilities.
Level 2 – observable inputs other than quoted prices in active markets for identical assets and liabilities.
Level 3 – 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 loans payable approximate fair value, as the interest rates approximate market rates.

Advertising Costs

Advertising costs are expensed as incurred and amounted to $1,368 and $1,585 in 2014 and 2013, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 its carrying amount to future undiscounted cash flows the assets are expected to generate. The Project 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, 2014 and 2013.

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, 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.

NOTE 3 – INVENTORY

Inventory, which is primarily composed of bicycles, accessories and parts, and screen printing materials, amounted to $240,971 and $241,261 at December 31, 2014 and 2013, respectively. Reserves for obsolescence amounted to $- at December 31, 2014 and 2013.

NOTE 4 – INVESTMENTS

Investments consist primarily of a certificate of deposit with initial maturity of greater than 90 days and are stated at fair value. The balance of this certificate of deposit was $246,697 and $246,333 at December 31, 2014 and 2013, respectively.

The following table represents the New Door's fair value hierarchy for its financial assets measured at fair value using available quoted prices as of December 31, 2014:

	Level 1	Level 2	Level 3	Total
Certificate of Deposit	$ -	$ 246,697	$ -	$ 246,697
Total	$ -	$ 246,697	$ -	$ 246,697

The following table represents the New Door's fair value hierarchy for its financial assets measured at fair value using available quoted prices as of December 31, 2013:

	Level 1	Level 2	Level 3	Total
Certificate of Deposit	$ -	246,333	-	246,333
Total	$ -	$ 246,333	$ -	$ 246,333

Net appreciation amounted to $0 and $1,457 at December 31, 2014 and 2013, respectively. The interest and dividend income amounted to $9,455 and $28,470 for years ended December 31, 2014 and 2013, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

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

	2014	2013
Land and buildings	$ 4,563,413	$ 5,381,302
Improvements	2,136,133	2,300,548
Furniture and fixtures	75,539	247,573
Office/production equipment	441,902	526,322
	7,216,987	8,455,745
Less: accumulated depreciation	(826,873)	(1,231,450)
Total	$ 6,390,114	$ 7,224,295

NOTE 5 – PROPERTY AND EQUIPMENT (continued)

Depreciation of property and equipment, including property and equipment held under capital lease, amounted to $230,743 and $128,347 for the fiscal years ended at December 31, 2014 and 2013, respectively. Property and equipment held under capital lease had a capitalized cost of $154,771. At December 31, 2014 accumulated depreciation and net book value amounted to approximately $116,078 and $38,693, respectively. At December 31, 2013 accumulated depreciation and net book value of the capitalized leased property amounted to approximately $100,601 and $54,170, respectively.

During 2014, the Organization disposed of certain fully depreciated property and equipment with an original cost of $547,626. There were no disposals of property and equipment during 2013.

During 2014, the Organization sold a building and received a sales proceed of $1,400,000. The building had a cost of $916,187 and accumulated depreciation of $87,694. The Organization recorded a gain on sales of $571,507 in the Statement of Activities for the year ended December 31, 2014.

NOTE 6 – INTANGIBLE ASSET

In July 2013, the Organization acquired certain assets and liabilities of Marqué Press, LLC, including a list of Marqué's customers. Estimated value of the customer list acquired was based on future expected revenues from the client list. Management estimates that the client list has a useful life of approximately three years, beginning January 1, 2014.

	2014	2013
Customer list	$ 99,260	$ 99,260
Less accumulated amortization	(33,087)	-
Net value of customer list	$ 66,173	$ 99,260

The Organization recorded $33,087 of amortization expense during the year ended December 31, 2014.

NOTE 7 – UNCONDITIONAL PROMISES TO GIVE

New Door received unconditional promises to give from several foundations and individuals in 2014 and 2013 and recorded these grants at their net present value as of December 31, 2014 and 2013, net of allowance for doubtful amounts and discount. Discount rates were 4.25% and 6.00% at December 31, 2014 and 2013, respectively.

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

	2014	2013
Promises to give in less than one year	$ 521,245	$ 706,095
Promises to give in one to five years	259,000	152,600
Total promises to give	780,245	858,695
Less unamortized discount	(34,314)	(46,452)
Net promises to give	$ 745,931	$ 812,243

NOTE 8 – CONCENTRATIONS

The Organization maintains its cash balances at various financial institutions. The Federal Deposit Insurance Corporation (FDIC) and Securities Investors Protection Corporation (SIPC) insure account balances up to $250,000 and $500,000, respectively. The Organization had uninsured balances of $1,163,031 (or approximately 26% of the total cash and cash equivalent balances) and $51,656 (or approximately 1% of the total cash and cash equivalent balances) at December 31, 2014 and 2013, respectively.

NOTE 9 – LEASE COMMITMENTS

The Organization signed a 10-year lease agreement for its Ashbury Images manufacturing and retail enterprise space in San Francisco. The lease requires monthly payments of approximately $6,000 and expires December 31, 2016. Rent expense under the existing lease agreement amounted to $66,362 in each of the years ended December 31, 2014 and 2013.

Future minimum lease payments under the operating lease agreements as of December 31, 2014 are as follows:

Years End December 31		
2015	$	71,978
2016		74,137
Total	$	146,115

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 $51,812 and $50,604 during the years ended December 31, 2014 and 2013.

NOTE 11 – LONG-TERM DEBT

Long-term debt consists of a note payable 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, when it will be adjusted to 66% of the sum of the then-current 3-year Treasury Constant Maturity rate plus 2.39%, payable in monthly installments of $8,658 including principal and interest, and due in April 2044. The note balance was $2,021,755 and $2,050,000 at December 31, 2014 and 2013, respectively.

Interest expense amounted to $51,019 and $39,297 during 2014 and 2013, respectively.

NOTE 11 – LONG-TERM DEBT (continued)

The future scheduled payments on the long-term debt are as follows:

Years ending December 31,		Amount
2015	$	103,895
2016		103,895
2017		103,895
2018		103,895
2019		103,895
Thereafter		2,528,120
Total		3,047,595
Interest		(1,025,840)
Net	$	2,021,755

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 2014 and 2013 amounted to approximately $32,900 and $434,000, respectively. Promises to give amounted to approximately $125,000 and $145,000 as of December 31, 2014 and 2013, respectively.

NOTE 13 – LINE OF CREDIT

The Organization has a line of credit with Bank of America that allows for maximum borrowing of $100,000. The interest on the credit line is 7.62% and it will expire on the earlier of an event of default as defined in the agreement or the line is cancelled by the Organization. No amount was outstanding at December 31, 2013, on this line of credit. This line was closed in May 2014.

On September 16, 2013, the Organization obtained an additional line of credit with Bank of Marin, which provides for borrowings of up to $100,000. The interest rate on the line is based on the prime rate as published by the Wall Street Journal (3.25% at December 31, 2014) plus 0.50% and is payable monthly. The line will expire on October 1, 2015. There was no outstanding balance at December 31, 2014 or 2013.

NOTE 14 – TEMPORARILY RESTRICTED NET ASSETS

In 2011, New Door Ventures started the 3-year Threshold Campaign, a $10-million fundraising campaign to fund ongoing operations, program growth and development, and the acquisition of a new facility. Funds received and not used for ongoing operations in the current year will be used in future years to fund ongoing operations, program growth and development, and the new facility.

NOTE 14 – TEMPORARILY RESTRICTED NET ASSETS (continued)

Temporarily restricted net assets consisted of the following at December 31:

	2014	2013
Youth programs – training	$ 125,000	$ 185,000
Threshold campaign	783,893	812,243
Total	$ 908,893	$ 997,243

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

	2014	2013
Youth programs – training	$ 310,000	$ 952,433
Threshold campaign	654,500	753,661
Total	$ 964,500	$ 1,706,094

NOTE 15 – 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 2009.

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 16 – SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through May 11, 2015, the date of this report, and determined that as of that date there are no material recognized or unrecognized subsequent events.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Door Ventures, which comprise the statements of financial position as of December 31, 2014, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 11, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Door Ventures' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Door Ventures' internal control. Accordingly, we do not express an opinion on the effectiveness of New Door Ventures' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Door Ventures' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the New Door Ventures' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Door Ventures' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PMB Helin Donovan, LLP

PMB Helin Donovan, LLP

San Francisco, California
May 11, 2015