Financial Statements with Report of Independent Auditors Thereon

New Door Ventures

For the Years Ended December 31, 2015 and 2014

SD MAYER & ASSOCIATES, LLP

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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 statement of financial position as of December 31, 2015, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Door Ventures as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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INDEPENDENT AUDITORS' REPORT - Continued

Other Matter

The financial statements of New Door Ventures as of December 31, 2014, were audited by other auditors whose report dated May 11, 2015, expressed an unqualified opinion on those statements.

S D Mayer & Associates, LLP

San Francisco, California
June 20, 2016

235 Montgomery Street, 28th Floor, San Francisco, CA 94104 | 415.691.4040 | sdmayer.com

New Door Ventures
Statements of Financial Position
As of December 31, 2015 and 2014

	2015	2014
ASSETS		
Assets:		
Cash and cash equivalents	$ 4,539,936	$ 4,516,079
Investments, at fair value	265,605	246,697
Accounts receivable, net	195,210	229,979
Contracts and grants receivable	105,480	130,412
Unconditional promises to give, net	283,502	745,931
Inventory, net	271,429	240,971
Prepaid expenses and other assets	273,069	274,910
Deposits	5,495	4,640
Property and equipment, net of accumulated depreciation and amortization	6,231,838	6,390,114
Intangible assets, net of accumulated amortization	33,086	66,173
Total Assets	$ 12,204,650	$ 12,845,906
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 459,765	$ 485,656
Long-Term Debt	1,978,139	2,021,755
Total Liabilities	2,437,904	2,507,411
Net Assets:		
Unrestricted	9,200,746	9,429,602
Temporarily restricted	566,000	908,893
Total Net Assets	9,766,746	10,338,495
Total Liabilities and Net Assets	$ 12,204,650	$ 12,845,906

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

New Door Ventures
Statement of Activities
For the year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and Support:			
Revenue:			
Service revenue	$ 2,909,666	$ -	$ 2,909,666
Government contracts	493,710	-	493,710
Investment income	474	-	474
Fundraising event, net of costs	16,912	-	16,912
Other income (expense)	(5,331)	-	(5,331)
Support:			
Contributions	819,923	646,852	1,466,775
In-Kind Donations	67,760	-	67,760
Foundation grants	711,996	-	711,996
Net assets released from restrictions	989,745	(989,745)	-
Total Revenue and Support	6,004,855	(342,893)	5,661,962
Expenses:			
Program Services:			
Ashbury images	2,322,940	-	2,322,940
Pedal revolution	873,579	-	873,579
Tech door	122,222	-	122,222
Youth development	1,710,925	-	1,710,925
Total Program Services	5,029,666	-	5,029,666
Supporting Services:			
Fundraising	720,279	-	720,279
General and administrative	483,766	-	483,766
Total Supporting Services	1,204,045	-	1,204,045
Total Expenses	6,233,711	-	6,233,711
Changes in Net Assets	(228,856)	(342,893)	(571,749)
Net Assets, beginning of year	9,429,602	908,893	10,338,495
Net Assets, end of year	$ 9,200,746	$ 566,000	$ 9,766,746

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 building	571,507	-	571,507
Other income (expense)	3,080	-	3,080
Support:			
Contributions	1,172,264	6,100	1,178,364
In-Kind Donations	26,948	-	26,948
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	7,796,401	997,243	8,793,644
Net Assets, end of year	$ 9,429,602	$ 908,893	$ 10,338,495

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

New Door Ventures
Statements of Cash Flows
For the years ended December 31, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	$ (571,749)	$ 1,544,851
Non-cash Items:		
Depreciation and amortization	262,520	263,830
Gain on sale of building	-	(571,507)
Unrealized gain on investments	(666)	(364)
Stock donation	(32,297)	(38,750)
Amortization of discount on promises to give	(23,316)	(12,138)
(Increase) decrease in operating assets:		
Contracts and grants receivable	24,932	(97,208)
Accounts receivable	34,769	43,817
Unconditional promises to give, net	485,745	78,450
Inventory	(30,458)	290
Prepaid expenses and other assets	1,841	(34,353)
Deposits	(855)	(100)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(25,891)	(701,008)
Net cash provided by operating activities	124,575	475,810
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(71,157)	(225,055)
Proceeds from sale of building	-	1,400,000
Proceeds from sale of investments	14,055	38,750
Net cash provided by (used in) investing activities	(57,102)	1,213,695
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(43,616)	(28,245)
Net cash used in financing activities	(43,616)	(28,245)
Net increase in cash and cash equivalents	23,857	1,661,260
Cash and cash equivalents, beginning of year	4,516,079	2,854,819
Cash and cash equivalents, end of year	$ 4,539,936	$ 4,516,079

Supplementary disclosure of cash flow information:

	2015	2014
Cash paid during the year for interest	$ 60,279	$ 56,240
Non-cash donations	$ 67,760	$ 26,948

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

New Door Ventures
Statement of Functional Expenses
For the year ended December 31, 2015

	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	$ 753,516	$ 309,343	$ 89,513	$ 1,079,332	$ 2,231,704	$ 417,587	$ 201,901	$ 619,488	$ 2,851,192
Employer payroll taxes	60,236	18,856	5,259	77,642	161,993	26,743	15,953	42,696	204,689
Employee benefits	105,218	29,917	6,421	106,082	247,638	39,371	52,517	91,888	339,526
Conferences	-	-	137	155	292	15	4,553	4,568	4,860
Consultants and outside services	21,382	9,527	2,771	36,159	69,839	146,848	124,014	270,862	340,701
Depreciation and amortization	117,821	13,280	4,039	91,841	226,981	10,204	25,335	35,539	262,520
Equipment/repairs	8,522	587	2,262	6,930	18,301	2,175	707	2,882	21,183
Fees and dues	29,788	21,490	-	549	51,827	4,194	8,269	12,463	64,290
Insurance	52,998	16,801	1,520	28,306	99,625	8,213	4,876	13,089	112,714
Interest	-	-	4,266	51,213	55,479	-	4,800	4,800	60,279
Maintenance/utilities	49,938	16,514	2,030	27,150	95,632	3,795	3,613	7,408	103,040
Miscellaneous	12,362	4,353	-	12,063	28,778	1,293	1,293	2,586	31,364
Occupancy	66,362	-	-	-	66,362	-	-	-	66,362
Office supplies	9,395	1,815	23	16,599	27,832	3,728	12,335	16,063	43,895
Outreach and promotions	6,132	629	61	2,902	9,724	42,742	219	42,961	52,685
Postage and shipping	55,835	5,003	11	368	61,217	1,992	514	2,506	63,723
Printing and copying	-	-	-	-	-	280	-	280	280
Program cost of goods sold	958,281	417,843	-	-	1,376,124	-	-	-	1,376,124
Program supplies	-	-	306	61,529	61,835	862	1,380	2,242	64,077
Staff and board	2,150	4,415	701	17,502	24,768	3,540	11,516	15,056	39,824
Telephone	9,426	2,325	811	15,148	27,710	3,259	2,664	5,923	33,633
Transportation	3,578	881	2,091	79,455	86,005	3,438	7,307	10,745	96,750
Total Expenses	$ 2,322,940	$ 873,579	$ 122,222	$ 1,710,925	$ 5,029,666	$ 720,279	$ 483,766	$ 1,204,045	$ 6,233,711

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	Program Services	Fundraising	General and Administrative	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.

NOTE 1 – ORGANIZATION

Founded in 1981, New Door Ventures is a 501(C)(3) tax-exempt organization located in the Mission District of San Francisco. New Door Ventures 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 Ventures 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 Ventures invests with the goal that 85%+ of its graduates will go on to further education and/or mainstream jobs. For additional information, visit www.newdoor.org

New Door Ventures social enterprises and programs include the following:

> **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 served both youth clients and business customers in the market for online staffing. Tech Door partnered with a market-leading online workforce platform that enabled youth participants to engage in relevant, ongoing work in an online environment for customers of all sizes. Tech Door was a pilot program, it was evaluated for efficacy and sustainability and management decided to close the program effective June 2015.

NOTE 1 – ORGANIZATION (continued)

> **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.

These financial statements include the assets, liabilities, net assets and activities of New Door Ventures, Ashbury Images, Pedal Revolution, and Tech Door (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:

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.

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, 2015 and 2014 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 $1,658,167and $1,663,225 at December 31, 2015 and 2014.

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.

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 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 or a condition is satisfied, 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, 2015 and 2014 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 2015 and 2014. The value of these contributions is recorded in the accompanying financial statements because the criteria for recognition have been satisfied. New Door Ventures recorded $67,760 and $26,948 of non-cash contributions in the accompanying financial statements for the years ended December 31, 2015 and 2014, 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 $195,210 and $229,979 at December 31, 2015 and 2014, 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, 2015 and 2014.

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 $136,592 and $108,750 as of December 31, 2015 and 2014, 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 $1,199 and $1,368 in 2015 and 2014, 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 its 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, 2015 and 2014.

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.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("Accounting Standards Update (“ASU”) 2014-09"). This comprehensive new revenue recognition standard will supersede nearly all existing revenue recognition guidance under GAAP. 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. In doing so, companies 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. ASU 2014-09 was effective for annual and interim periods beginning after December 15, 2017 (for non-public companies) and permitted the use of either the retrospective or cumulative effect transition method. ASU No. 2015-14 amended the effective date to December 15, 2018 (for non-public companies) and permits early adaptation only for reporting periods beginning after December 15, 2017. The Organization is currently assessing the potential impact of ASU 2014-09 on its financial condition and results of operations.

In August 2014, the FASB issued ASU 2014-15, “Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern”. This update requires management to evaluate whether there is substantial doubt about the entity’s ability to continue as a going concern. This update is effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. Early adoption is permitted. The Organization is currently evaluating the effect of the standard but its adoption is not expected to have an impact on its financial condition and results of operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

In February 2016, the FASB issued an accounting pronouncement (FASB ASU 2016-02) related to the accounting for leases. This pronouncement requires lessees to record most leases on their balance sheet, while expense recognition on the income statement remains similar to current lease accounting guidance. The guidance also eliminates real estate-specific provisions and modifies certain aspects of lessor accounting. Under the new guidance, lease classification as either a finance lease or an operating lease will determine how lease-related revenue and expense are recognized. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2019 (i.e., January 1, 2020, for a calendar year entity), and interim periods within fiscal years beginning after December 15, 2020. Early application is permitted. The Organization is currently evaluating the effect of ASU 2016-02 on its financial statements

NOTE 3 – INVENTORY

Inventory, which is primarily composed of bicycles, accessories and parts, and screen printing materials, amounted to $271,429 and $240,971 at December 31, 2015 and 2014, respectively. Reserves for obsolescence amounted to $0 at December 31, 2015 and 2014.

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 $265,605 and $246,697 at December 31, 2015 and 2014, 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, 2015:

	Level 1	Level 2	Level 3	Total
Certificate of Deposit	$ -	$ 265,605	$ -	$ 265,605
Total	$ -	$ 265,605	$ -	$ 265,605

NOTE 4 – INVESTMENTS (continued)

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, 2014:

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

Net appreciation amounted to $666 and $364 at December 31, 2015 and 2014, respectively. The interest and dividend income amounted to $474 and $9,455 for years ended December 31, 2015 and 2014, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

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

	2015	2014
Land and buildings	$ 4,563,413	$ 4,563,413
Improvements	2,124,390	2,136,133
Furniture and fixtures	77,547	75,539
Office/production equipment	522,793	441,902
	7,288,143	7,216,987
Less: accumulated depreciation	(1,056,305)	(826,873)
Total	$ 6,231,838	$ 6,390,114

Depreciation of property and equipment, including property and equipment held under capital lease, amounted to $229,433 and $230,743 for the years ended at December 31, 2015 and 2014, respectively.

Property and equipment held under capital lease had a capitalized cost of $154,771. At December 31, 2015 accumulated depreciation and net book value amounted to approximately $131,555 and $23,216, respectively. At December 31, 2014 accumulated depreciation and net book value of the capitalized leased property amounted to approximately $116,078 and $38,693, respectively.

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.

	2015	2014
Customer list	$ 99,260	$ 99,260
Less accumulated amortization	(66,174)	(33,087)
Net value of customer list	$ 33,086	$ 66,173

The Organization recorded $33,087 of amortization expense during the years ended December 31, 2015 and 2014.

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. Discount rate was 6.00% at December 31, 2015 and 2014.

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

	2015	2014
Promises to give in less than one year	$ 194,500	$ 521,245
Promises to give in one to five years	100,000	259,000
Total promises to give	294,500	780,245
Less unamortized discount	(10,998)	(34,314)
Net promises to give	$ 283,502	$ 745,931

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 $1,833,625 and $1,825,649 at December 31, 2015 and 2014, respectively.

In 2015, the three largest customers accounted for 35% and of total accounts receivable. In 2014, the two largest customers accounted for 38% and of total accounts receivable. In 2015, one customer accounted for 16% of total service revenue. In 2014, one customer accounted for 10% and of total service revenue.

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 on December 31, 2016. Rent expense under the existing lease agreement amounted to $66,362 in each of the years ended December 31, 2015 and 2014. The lease was extended to December 31, 2021 (See Note 16).

Future minimum lease payments under the operating lease agreements as of December 31, 2015 are as follows:

Years End December 31:		
2016	$	74,137
Total	$	74,137

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 $50,944 and $51,812 during the years ended December 31, 2015 and 2014.

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 note is payable in monthly installments of $8,658 including principal and interest, and due in April 2044. The note balance was $1,978,139 and $2,021,755 at December 31, 2015 and 2014, 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. In the event that there is a risk of noncompliance with the financial covenants, the Organization and the bank will collectively determine the best plan to remediate any such noncompliance.

Interest expense amounted to $60,279 and $56,240 during 2015 and 2014, respectively.

NOTE 11 – LONG-TERM DEBT (continued)

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

Years ending December 31,		Amount
2016	$	103,895
2017		103,895
2018		103,895
2019		103,895
2020		103,895
Thereafter		2,424,226
Total		2,943,701
Amount representing interest		(965,562)
Total long-term debt	$	1,978,139

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 2015 and 2014 amounted to approximately $119,100 and $32,900, respectively. Promises to give amounted to approximately $7,000 and $126,100 as of December 31, 2015 and 2014, respectively.

NOTE 13 – LINE OF CREDIT

The Organization had 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. 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 (3.50% and 3.25% at December 31, 2015 and 2014, respectively) plus 0.50% and is payable monthly. The Organization decided not to renew this line of credit on October 1, 2015 .There were no advances or repayments during 2015 and 2014. There was no outstanding balance at December 31, 2015 and 2014.

NOTE 14 – TEMPORARILY RESTRICTED NET ASSETS

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

	2015	2014
Youth programs – training	$ 282,500	$ 125,000
Threshold campaign	283,500	783,893
Total	$ 566,000	$ 908,893

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

	2015	2014
Youth programs – training	$ 382,500	$ 310,000
Threshold campaign	523,245	654,500
Strategic planning	30,000	-
E-Commerce Website Development	54,000	-
Total	$ 989,745	$ 964,500

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 2011.

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 June 20, 2016, the date the financial statements were available to be issued, and determined that no material recognized or unrecognized subsequent events have occurred except as disclosed below.

The Organization signed an extension to its original 10-year lease agreement (Note 9) for its Ashbury Images manufacturing and retail enterprise space in San Francisco. The lease requires monthly payments of approximately $13,000. The extended lease commences on January 1, 2017 and is scheduled to expire on December 31, 2021.

Future minimum lease payments under this extended operating lease agreements will be as follows:

Years End December 31:		
2017	$	149,820
2018		154,315
2019		158,944
2020		163,712
2021		168,624
Total	$	795,415