CONSOLIDATED FINANCIAL STATEMENTS

DOORWAYS
for women and families

FOR THE YEAR ENDED JUNE 30, 2016
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2015

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Doorways for Women and Families, Inc.
Doorways Cameron, LLC
Arlington, Virginia

We have audited the accompanying consolidated financial statements of Doorways for Women and Families, Inc. and Doorways Cameron, LLC (collectively, Doorways), which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Doorways as of June 30, 2016, and the consolidated change in its net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

4550 MONTGOMERY AVENUE · SUITE 650 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · FAX (301) 951-3570 · WWW.GRFCPA.COM

Report on Summarized Comparative Information

We have previously audited Doorways' 2015 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 2, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Gelman Rosenberg & Freedman

October 5, 2016

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015

ASSETS

	2016	2015
CURRENT ASSETS		
Cash and cash equivalents:		
Unrestricted	$ 1,384,846	$ 1,523,529
Restricted cash (Note 5)	3,677	6,429
Total cash and cash equivalents	1,388,523	1,529,958
Grants receivable	142,730	139,071
Pledges receivable, current portion (Note 4)	680,092	152,643
Inventory	8,863	10,271
Prepaid expenses	31,627	32,443
Total current assets	2,251,835	1,864,386
FIXED ASSETS		
Land	154,800	154,800
Building - Family Home (Note 6)	2,253,324	2,251,241
Building - Safehouse	548,671	543,136
Furniture and fixtures	122,002	127,568
Computer equipment	124,936	109,554
Software	7,659	7,659
Leasehold improvements	15,424	15,424
	3,226,816	3,209,382
Less: Accumulated depreciation and amortization	(1,023,652)	(907,060)
Net fixed assets	2,203,164	2,302,322
NONCURRENT ASSETS		
Investments (Notes 2 and 14)	1,138,534	723,404
Investment in Cameron Commons, LLC (Note 3)	1,065,344	1,081,212
Pledges receivable, net of current portion, discount, and allowance for uncollectable accounts of $303,377 and $105,488 in 2016 and 2015, respectively (Note 4)	1,202,337	431,519
Deposits	12,545	12,545
Total noncurrent assets	3,418,760	2,248,680
TOTAL ASSETS	**$ 7,873,759**	**$ 6,415,388**

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS

	2016	2015
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 146,534	$ 204,475
Deferred income	60,000	-
Deposits held in escrow (Note 5)	3,677	6,385
Current portion of deferred rent liability (Note 11)	-	10,568
Total current liabilities	210,211	221,428
LONG-TERM LIABILITIES		
Community Development Block Grant Fund conditional debt (Note 6)	600,000	600,000
Arlington County conditional debt (Note 3)	757,495	757,495
Deferred rent liability, net of current portion (Note 11)	9,867	34,494
Total long-term liabilities	1,367,362	1,391,989
Total liabilities	1,577,573	1,613,417
NET ASSETS		
Unrestricted:		
Undesignated	866,311	976,096
Invested in unrestricted fixed assets	2,023,872	2,091,828
Board designated (Note 7)	933,607	815,230
Total unrestricted	3,823,790	3,883,154
Temporarily restricted (Note 8)	2,472,396	918,817
Total net assets	6,296,186	4,801,971
TOTAL LIABILITIES AND NET ASSETS	**$ 7,873,759**	**$ 6,415,388**

See accompanying notes to consolidated financial statements.

DOORWAYS FOR WOMEN AND FAMILIES, INC.

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015**

	2016			2015
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Contributions	$ 1,020,611	$ 2,036,896	$ 3,057,507	$ 1,190,001
Foundation grants	599,752	100,000	699,752	759,102
Government grants and contracts	1,498,714	-	1,498,714	1,367,811
Investment (loss) income (Note 2)	(1,773)	-	(1,773)	21,663
Investment loss in Cameron Commons, LLC (Note 3)	(15,868)	-	(15,868)	(25,744)
In-kind contributions (Note 10)	240,293	-	240,293	222,972
Special event revenue	92,001	-	92,001	91,963
Other revenue	2,915	-	2,915	4,845
Net assets released from donor restrictions (Note 9)	583,317	(583,317)	-	-
Total support and revenue	4,019,962	1,553,579	5,573,541	3,632,613
EXPENSES				
Program Services:				
Domestic Violence	849,019	-	849,019	803,233
HomeStart	718,569	-	718,569	649,459
Family Home	768,452	-	768,452	807,105
Community Education	193,554	-	193,554	133,513
Services	595,553	-	595,553	573,386
Counseling	11,452	-	11,452	-
Total program services	3,136,599	-	3,136,599	2,966,696
Supporting Services:				
Management and General	216,238	-	216,238	217,713
Fundraising	661,048	-	661,048	354,740
Capacity Building	65,441	-	65,441	55,389
Total supporting services	942,727	-	942,727	627,842
Total expenses	4,079,326	-	4,079,326	3,594,538
Change in net assets	(59,364)	1,553,579	1,494,215	38,075
Net assets at beginning of year	3,883,154	918,817	4,801,971	4,763,896
NET ASSETS AT END OF YEAR	**$ 3,823,790**	**$ 2,472,396**	**$ 6,296,186**	**$ 4,801,971**

See accompanying notes to consolidated financial statements.

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015

	2016				
	Program Services				
	Domestic Violence	HomeStart	Family Home	Community Education	Services
Salaries, taxes and benefits (Note 12)	$ 523,388	$ 308,671	$ 445,484	$ 122,775	$ 473,142
Professional fees	3,368	1,814	3,811	29,426	3,091
Advertising/publicity	1,074	-	-	8,304	-
Credit card processing	-	-	-	-	-
Depreciation and amortization	47,331	2,754	67,044	610	949
Donor relations	-	-	-	-	-
Event venue	-	-	-	2,453	-
Meetings, food and miscellaneous	394	188	300	360	315
Membership dues and fees	915	1,155	118	39	117
Office occupancy expenses	-	-	-	-	-
(Note 11)	56,033	28,944	47,568	9,534	50,688
Insurance	5,738	3,028	4,860	944	5,112
Office supplies	5,373	2,743	3,401	683	4,267
Postage and shipping	7	-	-	1,645	-
Printing and graphics	-	-	-	4,534	-
Publications/subscriptions	-	-	-	-	-
Staff cell phone reimbursement	2,906	2,521	1,751	130	4,262
Staff travel expenses	5,151	1,260	868	77	2,319
Volunteer recruitment/retention	1,650	-	1,231	104	208
Facilities management	32,838	-	57,485	-	-
Client assistance (Note 10)	106,828	330,751	85,386	-	-
Investment expense	-	-	-	-	-
Performance evaluation	4,830	4,610	4,794	35	4,685
Loss on disposal of fixed assets	-	-	-	-	-
Bad debt expense	-	-	-	-	-
Sub-total	797,824	688,439	724,101	181,653	549,155
Allocation of management and general	51,195	30,130	44,351	11,901	46,398
TOTAL	**$ 849,019**	**$ 718,569**	**$ 768,452**	**$ 193,554**	**$ 595,553**

		Supporting Services					2015
Counseling	Total Program Services	Management and General	Fundraising	Capacity Building	Total Supporting Services	Total Expenses	Total Expenses
$ 10,073	$ 1,883,533	$ 328,572	$ 285,409	$ 22,065	$ 636,046	$ 2,519,579	$2,346,055
-	41,510	28,063	46,462	-	74,525	116,035	79,358
-	9,378	-	7,770	-	7,770	17,148	17,571
-	-	11,827	-	-	11,827	11,827	16,049
1,165	119,853	4,377	2,729	-	7,106	126,959	140,664
-	-	92	2,404	-	2,496	2,496	2,101
-	2,453	-	10,731	-	10,731	13,184	14,138
-	1,557	135	478	-	613	2,170	10,002
-	2,344	10,329	503	-	10,832	13,176	3,103
-	-	-	-	-	-	-	-
95	192,862	21,048	22,687	-	43,735	236,597	229,464
-	19,682	2,194	2,260	-	4,454	24,136	28,316
-	16,467	1,780	1,695	-	3,475	19,942	10,783
30	1,682	1,721	4,410	-	6,131	7,813	8,487
-	4,534	2,134	15,752	-	17,886	22,420	25,607
-	-	-	79	-	79	79	9,649
-	11,570	108	108	-	216	11,786	11,347
21	9,696	532	181	-	713	10,409	5,566
-	3,193	-	-	-	-	3,193	3,712
-	90,323	-	-	-	-	90,323	99,019
68	523,033	-	-	-	-	523,033	462,951
-	-	5,410	-	-	5,410	5,410	7,290
-	18,954	4,742	1,569	43,376	49,687	68,641	22,261
-	-	1,925	-	-	1,925	1,925	20,513
-	-	-	231,045	-	231,045	231,045	20,532
11,452	2,952,624	424,989	636,272	65,441	1,126,702	4,079,326	3,594,538
-	183,975	(208,751)	24,776	-	(183,975)	-	-
$ 11,452	**$ 3,136,599**	**$ 216,238**	**$ 661,048**	**$ 65,441**	**$ 942,727**	**$ 4,079,326**	**$3,594,538**

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,494,215	$ 38,075
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	126,959	140,664
Realized loss (gain) on sales of investments	16,643	(28,854)
Unrealized loss on investments	30,537	19,935
Share of loss on investment in Cameron Commons	15,868	25,744
Loss on disposal of fixed assets	1,925	20,513
Change in reserve for uncollectable pledges	146,035	(5,933)
Change in discount on pledges receivable	51,854	(4,270)
(Increase) decrease in:		
Grants receivable	(3,659)	1,653
Pledges receivable	(1,496,156)	59,326
Inventory	1,408	5,771
Prepaid expenses	816	(5,291)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(57,941)	9,369
Deposits held in escrow	(2,708)	(3,868)
Deferred rent liability	(35,195)	(5,608)
Deferred income/revenue	60,000	-
Net cash provided by operating activities	350,601	267,226
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(29,726)	(63,055)
Purchase of investments	(774,290)	(639,627)
Proceeds from sale of investments	311,980	388,682
Net cash used by investing activities	(492,036)	(314,000)
Net decrease in cash and cash equivalents	(141,435)	(46,774)
Cash and cash equivalents at beginning of year	1,529,958	1,576,732
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 1,388,523**	**$ 1,529,958**

SCHEDULE OF NONCASH INVESTING TRANSACTIONS

	2016	2015
Donated Securities	**$ 172,566**	**$ 84,450**

See accompanying notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

For over 38 years, Doorways for Women and Families, Inc. has played a vital role in the Arlington community, providing safe shelter, housing, and life-changing support services to women, men and families facing the trauma of homelessness, domestic violence, and sexual assault.

Doorways Cameron, LLC (the LLC) is a limited liability company, organized in the Commonwealth of Virginia in 2008. The primary purpose of the LLC is to invest in Cameron Commons, LLC (see Note 3).

Doorways for Women and Families, Inc. creates pathways out of homelessness, domestic violence and sexual assault leading to safe, stable and empowered lives. Doorways for Women and Families, Inc. is committed to continuous refinement of programs to provide the most holistic care possible to families in crisis to ultimately put an end to the cycles of violence and homelessness that plague too many in the community. Family safety and stability are facilitated through five core programs:

- The Domestic and Sexual Violence Program operates an 11-bed Safehouse Shelter, a 2 bedroom apartment-based Scattered Site Emergency shelter, a 24/7 Domestic Violence and Sexual Assault Hotline, and a Bilingual Court Advocacy and Companionship program for persons seeking legal protection from domestic violence. Doorways for Women and Families, Inc. is the largest provider of domestic violence services in Arlington and operates the only safehouse in Arlington County. The Safehouse served 41 families (41 adults and 38 children), and the hotline provided crisis and supportive counseling for 2,206 adults and children in fiscal year 2016. Court advocacy served 220 adults and 145 children.

- The HomeStart Supportive Housing Program offers rapid re-housing, and long-term supportive housing for families who need assistance to leave Doorways for Women and Families, Inc. shelters, as well as those who are at risk of homelessness in the community. HomeStart offers residential stability (through rental subsidies) and intensive support focused on skill building to prevent the recurrence of homelessness and domestic violence. HomeStart assisted 42 families (121 parents and children) in fiscal year 2016.

- The Freddie Mac Foundation Family Home provides emergency shelter (21 beds), food, skill building opportunities, referrals, and supportive counseling and goal planning services to women, children and families experiencing homelessness. The home served 30 families (36 adults and 41 children) in fiscal year 2016. In 2016, the Family Home served a high number of young families and young adults experiencing homelessness (40% of households served).

- Doorways comprehensive service model provides wrap-around services to assist clients with essential life skills, counseling, children's needs, financial education and planning, and court advocacy. These services provide clients with the necessary tools to overcome trauma and adversity and form paths to stability.

- In fiscal year 2016, Doorways partnered with Arlington County Department of Human Services to fill a tremendous gap in our community. Doorways Revive Domestic and Sexual Violence Counseling Center began programming and services in Spring 2016 and offers community-based counseling services for adults, youth and children impacted by interpersonal violence in Arlington. With new office space to provide services and 4.25 counseling staff, Revive anticipates serving 200 each year. The program will be fully operational in fiscal year 2017.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Organization (continued) -

Doorways for Women and Families, Inc. continues to meet the varied and profound needs of its clients through holistic, client-centered and strength-based services that offer them the greatest chance of success. Doorways for Women and Families, Inc. provides clients with intensive support, which is necessary, given that nearly every aspect of their lives is in crisis.

Through community education efforts, volunteers received training and provided 3,602 hours of client-centered services during fiscal year 2016. Resource drives provide clients with winter coats, school supplies and other in-kind support; and awareness of domestic and sexual violence is increased through activities and outreach and year-round community presentations.

Doorways for Women and Families, Inc. employs 35 full-time employees and 6 part-time employees and utilizes the expertise of 165 volunteers (including the Board of Directors).

Basis of consolidation -

The accompanying consolidated financial statements reflect the activity of Doorways for Women and Families, Inc. and Doorways Cameron, LLC (collectively, Doorways) as of June 30, 2016. The financial statements of the two organizations have been consolidated based on common control. All intercompany transactions have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958-810, *Not-for-Profit Entities*, *Consolidation*.

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Doorways' consolidated financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Cash and cash equivalents -

Doorways invests cash in excess of immediate requirements in a money market fund. Because of the short-term and high liquidity of the fund, such amount is considered to be a cash equivalent.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to a limit of $250,000. At times during the year, Doorways maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Grants and pledges receivable -

Grants and pledges receivable are recorded at their net realizable values, which approximates fair value. Grants receivable are considered fully collectible within one year. The allowance for doubtful pledges receivable is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor. Pledges receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Inventory -

Inventory consists of various gift cards, which are recorded at the cards' value using the first-in first-out method.

Fixed assets -

Fixed assets greater than $1,000 are capitalized and stated at cost. Buildings (and related improvements), furniture and fixtures, and computer equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five to thirty-nine years. Land is recorded as a capital asset based on the value assigned at the time of acquisition; the cost of land is not amortized. Software is amortized on a straight-line basis over the estimated useful lives of the related assets, generally five years. Leasehold improvements are amortized over the life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the Consolidated Statement of Activities and Change in Net Assets.

Net asset classification -

The net assets are reported in two self-balancing categories as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of Doorways and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of Doorways and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from restrictions.

Grants and contributions -

Revenue received from cost reimbursable government grants is recognized when expenses have been incurred.

Unrestricted and temporarily restricted contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying consolidated financial statements. Restricted grants and contributions whose restrictions are met in the same reporting period are recorded as unrestricted grants and contributions.

In-kind contributions -

In-kind contributions are recorded at their fair market value as of the date of the gift. In the absence of donor stipulations regarding how long contributed fixed assets must be used, Doorways has adopted a policy of implying a time restriction on contributions of such fixed assets that expires over the assets’ useful lives.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

In-kind contributions (continued) -

As a result, all contributions of fixed assets, and of assets contributed to acquire fixed assets, are recorded as restricted support.

Income taxes -

Doorways for Women and Families, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. Doorways for Women and Families, Inc. is not a private foundation.

Doorways Cameron, LLC is registered as a limited liability corporation under the laws of the State of Virginia. For tax purposes, because Doorways is the sole member of the LLC, it is considered a disregarded entity and its results are reported on Doorways' tax return.

Uncertain tax positions -

For the year ended June 30, 2016, Doorways has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Risks and uncertainties -

Doorways invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, 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 consolidated financial statements.

Fair value measurement -

Doorways adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Fair value measurement (continued) -

Doorways accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

2. INVESTMENTS

Investments consisted of the following at June 30, 2016:

	Fair Value
Equities	$ 788,605
Fixed Income	349,929
TOTAL INVESTMENTS	**$ 1,138,534**

Included in investment loss is the following at June 30, 2016:

Interest and dividends	$ 45,407
Realized loss on sales of investments	(16,643)
Unrealized loss on investments	(30,537)
TOTAL INVESTMENT LOSS	**$ (1,773)**

3. INVESTMENT IN CAMERON COMMONS, LLC

During 2009, Doorways formed a single member LLC, Doorways Cameron, LLC, whose sole purpose was to enter into an agreement with Cameron Commons Development Corporation (CCDC) to form Cameron Commons, LLC. Cameron Commons, LLC purchased the Cameron Commons Apartments. Under the agreement, Doorways has an interest in five apartment units. In 2009, $726,287 of initial funding for Doorways' interest in this partnership was provided on behalf of Doorways Cameron, LLC directly to CCDC by the Community Housing Finance Corporation (CHFC), a division of Arlington County, Virginia.

In 2010, an additional $31,208 was provided by Arlington County for total funding of $757,495. The funds were given as a conditional 30-year deferred-payment loan. This no-interest loan is to be repaid only in the event of sale, conveyance, or change in use of the property. After the 30-year period has expired, the debt will be forgiven. During fiscal year 2011, Doorways contributed an additional $272,160, which increased their interest in Cameron Commons, LLC to 31%.

Doorways currently accounts for its investment in Cameron Commons, LLC using the equity method based on its current percentage of ownership interest as well as its ability to exert significant influence over Cameron Commons, LLC.

For the calendar year ended December 31, 2015, Cameron Commons, LLC's audited net operating loss totaled $67,714, of which $20,991 was allocated to Doorways Cameron, LLC; additionally, an operating loss for the period January 1, 2016 through June 30, 2016 has been estimated at $4,464 and is included in the accompanying Consolidated Statement of Activities and Change in Net Assets.

3. INVESTMENT IN CAMERON COMMONS, LLC (Continued)

Furthermore, the estimated operating loss of $9,587 for the period January 1, 2015 through June 30, 2015 has been reversed out of the calculated loss, as it was previously recorded in the consolidated financial statements during the year ended June 30, 2015. Doorways' investment in Cameron Commons, LLC at June 30, 2016 aggregated $1,065,344.

4. PLEDGES RECEIVABLE

As of June 30, 2016, contributors to Doorways have made written promises to give totaling $2,185,806. Pledges receivable are discounted to their net present value using the effective interest rate as of the date of award. Pledges are due as follows at June 30, 2016:

Less than one year	$ 680,092
One to five years	1,505,714
Total	2,185,806
Less: Discount to present value at 3.25%	(88,377)
Less: Reserve for uncollectable pledges	(215,000)
TOTAL PLEDGES RECEIVABLE	**$ 1,882,429**

5. RESTRICTED CASH

Restricted cash consisted of the following at June 30, 2016:

Client Funds Held in Escrow	**$ 3,677**

The client funds in escrow consists of client savings held by Doorways for clients in the Doorways HomeStart Program. A client may request the funds at any time, and all funds are returned to the client when the client leaves the HomeStart Program in good standing; these client funds held in escrow are also presented as a separate liability in the accompanying Consolidated Statement of Financial Position.

6. COMMUNITY DEVELOPMENT BLOCK GRANT FUND CONDITIONAL DEBT

In May 2006, Doorways obtained a $600,000 commitment from Arlington County, Virginia, through a Community Development Block Grant from the United States Department of Housing and Urban Development (HUD). Doorways has drawn the full $600,000 under this commitment. The funds were given as a conditional 60-year deferred-payment loan in order to redevelop the Family Home. This no-interest loan is to be repaid only in the event of sale, conveyance, or change in use of the property. After the 60-year period has expired, the debt will be forgiven.

7. BOARD DESIGNATED NET ASSETS

As of June 30, 2016, net assets have been designated by the Board of Directors for the following purposes:

Operating reserve	$ 882,168
Building improvements	51,439
TOTAL BOARD DESIGNATED NET ASSETS	**$ 933,607**

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2016:

Program Restricted:	
Domestic Violence (including $179,292 of unamortized Safehouse improvements)	$ 179,292
Capacity Building	15,000
Phil Graham Fund	100,000
Family Home	1,260
Cumulative Change in Discount	(55,807)
Total program restricted	239,745
Time Restricted	2,232,651
TOTAL TEMPORARILY RESTRICTED NET ASSETS	**$2,472,396**

9. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors:

Program Restricted:	
Domestic Violence	$ 36,202
Family Home	156
Capital Building	15,000
Children's Program	18,000
Total program restricted	69,358
Passage of Time	513,959
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	**$ 583,317**

10. IN-KIND CONTRIBUTIONS

Contributed services from IT professionals (and goods donated for distribution for Doorways' programs) are recognized as in-kind support based on the estimated fair value of the gift. In-kind expenses are presented as Client Assistance in the accompanying Consolidated Statement of Functional Expenses.

Donated goods and services consisted of the following during the year ended June 30, 2016:

Professional fees	$ 84,967
Gift cards	41,087
Goods and supplies	114,239
TOTAL IN-KIND CONTRIBUTIONS	**$ 240,293**

10. IN-KIND CONTRIBUTIONS (Continued)

In-kind contributions were classified in the following functional areas (in the accompanying Consolidated Statement of Functional Expenses) during the year ended June 30, 2016:

Domestic Violence	$ 61,334
HomeStart	37,616
Family Home	62,015
Services	1,845
Community Education	29,189
Management and General	2,396
Fundraising	45,898
TOTAL IN-KIND CONTRIBUTIONS	**$ 240,293**

Additionally, volunteers have donated time to Doorways in various capacities to further the mission of the organization. As these services are not deemed to be specialized in nature (and therefore the value of these services is not readily determinable), these contributions have not been recognized in the accompanying consolidated financial statements.

11. LEASE COMMITMENT

During 2011, Doorways entered into a lease for office space under a seven-year agreement, expiring May 31, 2018. Base rent is $150,535 per year, plus a proportionate share of expenses, increasing by a factor of 3% per year. The first three months of rent were abated. In May of 2015, Doorways amended its seven-year lease agreement to extend its term to June 30, 2021 and add additional office space. The amended lease started on July 1, 2015. Base rent under amended lease is $192,132, plus a proportionate share of expenses, increasing by a factor of 2% per year. In May of 2016, Doorways further amended the lease agreement to gain additional office space. Base rent under the additional lease is $48,504 plus a proportionate share of expenses, increasing by a factor of 2% per year.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability in the Consolidated Statement of Financial Position. As of June 30, 2016, the total deferred rent liability aggregated $9,867.

Future minimum lease payments are as follows:

Year Ending June 30	
2017	$ 244,478
2018	249,368
2019	255,365
2020	259,442
2021	264,631
	$1,273,284

Rent expense, including utilities and taxes for the year ended June 30, 2016, was $158,456. .

11. LEASE COMMITMENT (Continued)

Rent expense is included in office occupancy expenses in the accompanying Consolidated Statement of Functional Expenses

12. PENSION PLAN

Doorways has established a 403(b) plan for its employees. Eligible employees must be employed for at least one year and complete 1,040 hours of services during a 12-month period. Employer discretionary contributions are allocated among eligible employees at a rate of 2% of annual compensation for employees with one to four years of services, and 4% of annual compensation for employees with five or more years of service. Plan contributions for the year ended June 30, 2016 totaled $50,084.

13. LINE OF CREDIT

In January 2016, Doorways established a line of credit with a local financial institution to support ongoing working capital needs of the organization, which will expire January 2017. The line of credit, in the amount of $150,000, is unsecured and accrues interest at the Wall Street Journal Prime Rate plus 1% or a minimum of 4.50% (4.50% as of June 30, 2016). There were no borrowings during the year or any outstanding amounts on the line of credit as of June 30, 2016.

14. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, Doorways has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market Doorways has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.
Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2016.

- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- F*ixed income* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security’s terms and conditions, and interest rate and credit risk.

14. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, Doorways' investments as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Equities	$ 788,605	$ -	$ -	$ 788,605
Fixed income	-	349,929	-	349,929
TOTAL INVESTMENTS	**$ 788,605**	**$ 349,929**	**$ -**	**$ 1,138,534**

15. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, Doorways has evaluated events and transactions for potential recognition or disclosure through October 5, 2016, the date the consolidated financial statements were issued.