DOORWAYS
for women and families

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2013

The management of Doorways for Women and Families, Inc. ("Doorways") is pleased to provide supplemental information to assist financial statement readers in understanding its financial condition and operating results as of and for the fiscal year ended June 30, 2013 ("FY2013").

During FY2013, Doorways' support and revenues exceeded expenses, resulting in a surplus of $254,323. This surplus was primarily attributable to the spring 2013 renovation of the Domestic Violence Shelter, which was entirely funded by special one-time cash and in-kind donations totaling about $276,000. As required by generally accepted accounting principles ("GAAP"), these donations were recorded as support and revenue during FY2013, and the related renovation costs were recorded as an addition to fixed assets. In conformity with GAAP, the renovation costs capitalized to fixed assets during FY2013 will be recorded as an expense over a multi-year period as they are depreciated over the useful lives of the related assets. Absent the accounting effect of the renovation, Doorways would have ended FY2013 with a small operating loss.

During its fiscal year ending June 30, 2014 ("FY2014"), Doorways' management will strive to carry on its tradition of meeting its client's needs in the most efficient, cost-effective manner possible, and will continue to safeguard financial resources through an appropriate internal control environment with an emphasis on budgetary control and routine periodic governance review. Consistent with its decision to end its operations, Freddie Mac Foundation has informed Doorways that it will gradually reduce support through 2016, at which time it will end. FY2014 will be the final year during which Freddie Mac Foundation will provide Doorways with full funding of $350,000. As Doorway's management looks beyond FY2014, it is actively seeking alternative funding to replace Freddie Mac Foundation's support.

CONSOLIDATED FINANCIAL STATEMENTS

DOORWAYS
for women and families

FOR THE YEAR ENDED JUNE 30, 2013
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2012

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONTENTS

GELMAN, ROSENBERG
& FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

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, 2013, 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, 2013, 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.

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Report on Summarized Comparative Information

We have previously audited Doorways' 2012 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 15, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Gelman Rosenberg & Freedman

Bethesda, Maryland
October 11, 2013

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2013
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012

ASSETS

	2013	2012
CURRENT ASSETS		
Cash and cash equivalents:		
Unrestricted	$ 1,212,410	$ 926,609
Restricted for client escrow (Note 5)	40,607	55,706
Total cash and cash equivalents	1,253,017	982,315
Grants receivable	166,122	219,169
Pledges receivable, current portion (Note 4)	187,380	204,320
Inventory	14,639	10,270
Prepaid expenses	21,634	37,488
Total current assets	1,642,792	1,453,562
FIXED ASSETS		
Land	154,800	154,800
Building - Family Home (Note 6)	2,243,304	2,242,254
Building - Safehouse (Note 10)	522,381	246,887
Furniture and fixtures	127,568	128,213
Computer equipment	85,424	77,629
Software	45,286	45,286
Leasehold improvements	10,246	10,246
	3,189,009	2,905,315
Less: Accumulated depreciation and amortization	(673,867)	(570,397)
Net fixed assets	2,515,142	2,334,918
NONCURRENT ASSETS		
Investments (Notes 2 and 13)	477,814	483,549
Investment in Cameron Commons, LLC (Note 3)	1,136,554	1,156,993
Pledges receivable, net of current portion, discount, and allowance for uncollectible accounts of $50,050 and $69,550 in 2013 and 2012, respectively (Note 4)	316,253	389,058
Deposits	12,545	12,545
Total noncurrent assets	1,943,166	2,042,145
TOTAL ASSETS	**$ 6,101,100**	**$ 5,830,625**

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS

	2013	2012
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 178,989	$ 151,619
Deposits held in escrow (Note 5)	40,607	55,706
Total current liabilities	219,596	207,325
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 (Note 11)	51,464	47,583
Total long-term liabilities	1,408,959	1,405,078
Total liabilities	1,628,555	1,612,403
NET ASSETS		
Unrestricted:		
Undesignated	629,172	381,945
Invested in unrestricted fixed assets	2,246,630	2,334,918
Board designated (Note 7)	535,479	539,320
Total unrestricted	3,411,281	3,256,183
Temporarily restricted (Note 8)	1,061,264	962,039
Total net assets	4,472,545	4,218,222
TOTAL LIABILITIES AND NET ASSETS	**$ 6,101,100**	**$ 5,830,625**

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2013
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Contributions	$ 673,898	$ 316,327	$ 990,225	$ 844,992
Foundation grants	611,850	60,000	671,850	857,301
Government grants and contracts	1,412,964	-	1,412,964	1,329,564
Investment income (loss) (Note 2)	49,190	-	49,190	(593)
Investment in Cameron Commons, LLC (Note 3)	(20,439)	-	(20,439)	(15,075)
In-kind contributions (Note 10)	143,997	193,119	337,116	144,185
Special event revenue	71,086	-	71,086	92,954
Other revenue	5,435	-	5,435	13,292
Net assets released from donor restrictions (Note 9)	470,221	(470,221)	-	-
Total support and revenue	3,418,202	99,225	3,517,427	3,266,620
EXPENSES				
Program Services:				
Domestic Violence	800,156	-	800,156	766,135
HomeStart	930,052	-	930,052	844,431
Family Home	809,299	-	809,299	778,878
Community Education	170,691	-	170,691	141,752
Total program services	2,710,198	-	2,710,198	2,531,196
Supporting Services:				
Management and General	246,280	-	246,280	297,794
Fundraising	306,626	-	306,626	247,098
Total supporting services	552,906	-	552,906	544,892
Total expenses	3,263,104	-	3,263,104	3,076,088
Change in net assets	155,098	99,225	254,323	190,532
Net assets at beginning of year	3,256,183	962,039	4,218,222	4,027,690
NET ASSETS AT END OF YEAR	**$ 3,411,281**	**$ 1,061,264**	**$ 4,472,545**	**$ 4,218,222**

See accompanying notes to consolidated financial statements.

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012

	2013				
	Program Services				
	Domestic Violence	HomeStart	Family Home	Community Education	Total Program Services
Salaries, taxes and benefits (Note 12)	$ 545,489	$ 471,754	$ 514,095	$ 124,965	$ 1,656,303
Professional fees	4,170	4,477	2,530	6,468	17,645
Advertising/publicity	-	-	-	-	-
Credit card processing	-	-	-	-	-
Depreciation and amortization	22,234	5,941	72,821	1,562	102,558
Donor relations	189	-	-	87	276
Event venue and donor relations expenses	5,015	-	3	3,140	8,158
Meetings, food and miscellaneous	986	600	713	136	2,435
Membership dues and fees	1,057	544	1,064	72	2,737
Office occupancy expenses (Note 11)	41,413	84,162	39,606	10,072	175,253
Insurance	2,231	4,233	2,747	417	9,628
Office supplies	3,468	2,956	3,202	682	10,308
Postage and shipping	16	-	-	1,745	1,761
Printing and graphics	-	-	-	5,968	5,968
Publications/subscriptions	49	94	47	62	252
Small equipment costs	151	145	145	38	479
Staff travel expenses	1,265	2,529	1,437	121	5,352
Volunteer recruitment/retention	473	88	484	2,438	3,483
Facilities management	46,493	202	55,376	36	102,107
Client assistance	61,098	299,261	57,099	-	417,458
Investment expense	-	-	-	-	-
Performance evaluation	7,389	7,389	7,389	-	22,167
Emergency contingency	-	-	-	-	-
Loss on disposal of fixed assets	4,018	-	600	-	4,618
Bad debt expense	-	-	-	-	-
Sub-total	747,204	884,375	759,358	158,009	2,548,946
Allocation of management and general	52,952	45,677	49,941	12,682	161,252
TOTAL	**$ 800,156**	**$ 930,052**	**$ 809,299**	**$ 170,691**	**$ 2,710,198**

				2012
Supporting Services				
Management and General	**Fundraising**	**Total Supporting Services**	**Total Expenses**	**Total Expenses**
$ 321,425	$ 170,304	$ 491,729	$ 2,148,032	$ 2,055,264
26,663	24,503	51,166	68,811	51,256
-	11,416	11,416	11,416	1,085
8,443	188	8,631	8,631	7,572
5,510	2,443	7,953	110,511	101,026
-	1,124	1,124	1,400	735
-	20,666	20,666	28,824	12,249
822	538	1,360	3,795	4,663
218	324	542	3,279	2,690
41,490	24,101	65,591	240,844	236,331
8,336	1,117	9,453	19,081	18,561
2,222	927	3,149	13,457	13,852
66	7,040	7,106	8,867	9,223
-	24,053	24,053	30,021	15,819
33	1,267	1,300	1,552	2,579
101	50	151	630	1,180
1,262	90	1,352	6,704	4,978
-	-	-	3,483	3,679
-	6	6	102,113	94,075
113	-	113	417,571	410,078
5,213	-	5,213	5,213	3,869
-	-	-	22,167	5,225
209	-	209	209	1,448
1,875	-	1,875	6,493	941
-	-	-	-	17,710
424,001	290,157	714,158	3,263,104	3,076,088
(177,721)	16,469	(161,252)	-	-
$ 246,280	**$ 306,626**	**$ 552,906**	**$ 3,263,104**	**$ 3,076,088**

See accompanying notes to consolidated financial statements.

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 254,323	$ 190,532
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	110,510	101,026
Realized (gain) loss on investments	(7,211)	6,709
Unrealized (gain) loss on investments	(27,312)	10,264
Share of loss on investment in Cameron Commons	20,439	15,075
Loss on disposal of fixed assets	6,493	941
Change in reserve for uncollectible pledges	(19,500)	17,710
Change in discount on pledges receivable	(7,225)	-
Donation of fixed assets	(193,119)	-
(Increase) decrease in:		
Grants receivable	53,047	(94,219)
Pledges receivable	116,470	(28,790)
Inventory	(4,369)	(3,913)
Prepaid expenses	15,854	3,921
Increase (decrease) in:		
Accounts payable and accrued liabilities	27,365	3,938
Deposits held in escrow	(15,099)	31,080
Deferred rent liability	3,881	20,965
Net cash provided by operating activities	334,547	275,239
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(104,108)	(21,507)
Purchase of investments	(233,719)	(74,177)
Proceeds from sale of investments	273,982	71,855
Net cash used by investing activities	(63,845)	(23,829)
Net increase in cash and cash equivalents	270,702	251,410
Cash and cash equivalents at beginning of year	982,315	730,905
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 1,253,017**	**$ 982,315**
SCHEDULE OF NONCASH INVESTING TRANSACTIONS		
Donated Securities	**$ 28,354**	**$ 15,244**
Donation of Fixed Assets	**$ 193,119**	$ -

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

For over 30 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 and families facing the trauma of homelessness and/or domestic violence.

Doorways Cameron, LLC (the LLC) is a limited liability company, organized in the state 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. strives to end homelessness and family and intimate partner violence by offering safe shelter and housing, life changing support services, and community advocacy. 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 three core programs:

- The Domestic Violence Program operates an 11-bed Safehouse Shelter, a 24/7 Domestic Violence 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 HomeStart Supportive Housing Program offers homeless prevention, 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 and community based programs assisted 70 families (182 parents and children) in fiscal year 2013.

- The Freddie Mac Foundation Family Home provides housing (21 beds), food, skill building opportunities, referrals, and supportive counseling and goal planning services to women, children and families experiencing homelessness. The home served 27 families (30 adults and 36 children) in fiscal year 2013.

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 caused by lack of housing, loss of employment, traumatized self and children, and abused and chaotic finances. Wrap-around services assist clients with essential life skills, counseling, children's needs, financial education and planning, and court advocacy.

Through community education efforts, volunteers received training and provided 5,949 hours of client-centered services during fiscal year 2013. In addition, over 800 hours were donated by builders, designers, and vendors to complete the safehouse renovation. Resource drives provide clients with winter coats, school supplies and other in-kind support; and awareness of domestic and intimate partner violence is increased through activities and outreach and year-round community presentations.

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

Organization (continued) -

Doorways for Women and Families, Inc. employs 33 full-time employees and utilizes the expertise of 149 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, 2013. 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, 2012, 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 approximate fair value. Grants receivable are considered fully collectable 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.

Inventory -

Inventory consists of various gift cards, which are recorded at the cards' value.

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

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-seven 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 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 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, 2013, 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 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.

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

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. 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, 2013:

	Fair Value
Stocks	$ 363,151
Corporate bonds	78,689
Mutual funds	35,974
TOTAL INVESTMENTS	**$ 477,814**

Included in investment income are the following at June 30, 2013:

Interest and dividends	$ 14,667
Realized gain	7,211
Unrealized gain	27,312
TOTAL INVESTMENT INCOME	**$ 49,190**

3. INTEREST 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. Also in 2010, Doorways contributed $168,792 to Cameron Commons, LLC. 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 because Doorways has the ability to significantly influence the entity's financial and operating policies.

3. INTEREST IN CAMERON COMMONS, LLC (Continued)

For the calendar year ended December 31, 2012, Cameron Commons, LLC's audited net operating loss totaled $69,698, of which $21,606 was allocated to Doorways Cameron, LLC; additionally, an operating gain for the period January 1, 2013 through June 30, 2013 has been estimated at $1,167 and is included in the accompanying Consolidated Statement of Activities and Change in Net Assets. Doorways' investment in Cameron Commons, LLC at June 30, 2013 aggregated $1,136,554.

4. PLEDGES RECEIVABLE

As of June 30, 2013, contributors to Doorways have made written promises to give totaling $579,028. 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, 2013:

Less than one year	$ 187,380
One to five years	353,991
Beyond five years	37,657
Total	579,028
Less: Discount to present value at 3.25%	(25,345)
Less: Reserve for uncollectible pledges	(50,050)
TOTAL PLEDGES RECEIVABLE	**$ 503,633**

5. ESCROW

The escrow liability 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. Cash in the amount of $40,607 is restricted for client funds in escrow as of June 30, 2013.

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, 2013, net assets have been designated by the Board of Directors for the following purposes:

Operating reserve	$ 483,752
Building improvements	51,727
TOTAL BOARD DESIGNATED NET ASSETS	**$ 535,479**

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2013:

Program Restricted:	
Domestic Violence (including $268,512 of unamortized Safehouse improvements)	$ 380,953
HomeStart	57,334
Family Home	32,334
Total program restricted	470,621
Time Restricted	590,643
TOTAL TEMPORARILY RESTRICTED NET ASSETS	**$1,061,264**

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	$ 75,752
HomeStart	68,000
Family Home	68,000
Children's Program	20,000
Total program restricted	231,752
Passage of time	238,469
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	**$ 470,221**

10. IN-KIND CONTRIBUTIONS

Contributed services from IT professionals and goods donated for distribution in Doorways' programs are recognized as in-kind revenues at their estimated fair market value. Donated goods and services consisted of the following during the year ended June 30, 2013:

Safehouse improvements (capital assets and services)	$ 193,119
Professional fees	39,351
Gift cards	32,135
Goods and supplies	72,511
TOTAL IN-KIND CONTRIBUTIONS	**$ 337,116**

10. IN-KIND CONTRIBUTIONS (Continued)

The aforementioned goods and services received by Doorways benefited the following programs during the year ended June 30, 2013:

Safehouse improvements (Domestic Violence)	$ 193,119
Domestic Violence	47,853
HomeStart	33,130
Family Home	31,182
Community Education	6,154
Management and General	1,593
Fundraising	24,085
TOTAL IN-KIND CONTRIBUTIONS	**$ 337,116**

Additionally, volunteers have donated time to Doorways in various capacities. These services have not been recognized, in as much as such services do not require specialized skills. The value of these services is not readily determinable.

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.

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, 2013, the total deferred rent liability aggregated $51,464.

Future minimum lease payments are as follows:

Year Ending June 30	
2014	$ 160,501
2015	165,316
2016	170,276
2017	175,384
2018	165,217
	$ 836,694

Rent expense, including utilities and taxes for the year ended June 30, 2013, was $165,068. 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, 2013 totaled $28,677.

13. 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, 2013.

- S*tocks* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Corporate bonds* - 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.
- *Mutual funds* - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.

The table below summarizes, by level within the fair value hierarchy, Doorways' investments as of June 30, 2013:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Stocks	$ 363,151	$ -	$ -	$ 363,151
Corporate bonds	-	78,689	-	78,689
Mutual funds	35,974	-	-	35,974
TOTAL INVESTMENTS	**$ 399,125**	**$ 78,689**	**$ -**	**$ 477,814**

14. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, Doorways has evaluated events and transactions for potential recognition or disclosure through October 11, 2013, the date the consolidated financial statements were issued.