Management's Discussion and Analysis

As of June 30, 2010

Management of Doorways for Women and Families, Inc. (Doorways) is pleased to provide additional information to assist the financial statement reader in understanding the agency's financial activities and results for the fiscal year ended June 30, 2010.

In 2010, Doorways recorded $981,835 in contributions compared to $459,173 in the prior year, an increase of $522,662. The increase is attributable to a one-time bequest of $285,057 and the initiation of the Brighter Futures Society which encourages donors to make five-year pledges to support Doorways' ongoing work to end domestic and intimate partner violence and family homelessness. Generally accepted accounting principles require recording pledge commitments as income when the donor obligates the funds. In 2010, two five-year pledges totaling $150,000 were recorded as contribution revenue while $5,000 was received in payment of these two pledges. The balance of $145,000 will be collected in future years.

CONSOLIDATED FINANCIAL STATEMENTS

DOORWAYS FOR WOMEN AND FAMILIES, INC.

FOR THE YEAR ENDED JUNE 30, 2010
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2009

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONTENTS

GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated statement of financial position of Doorways for Women and Families, Inc. and Doorways Cameron, LLC (collectively, Doorways) as of June 30, 2010, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of Doorways' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from Doorways' 2009 consolidated financial statements and, in our report dated October 19, 2009, we expressed an unqualified opinion on those statements.

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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Doorways' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and its consolidated change in net assets and its consolidated cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman

November 15, 2010

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DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2010
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2009

ASSETS

	2010	2009
CURRENT ASSETS		
Cash and cash equivalents:		
Unrestricted	$ 1,028,393	$ 952,753
Restricted for client escrow (Note 6)	33,665	37,897
Total cash and cash equivalents	1,062,058	990,650
Grants receivable, current portion (Note 4)	346,608	129,764
Pledges receivable, current portion (Note 5)	56,375	61,641
Inventory	5,692	4,418
Prepaid expenses	23,565	17,932
Total current assets	1,494,298	1,204,405
FIXED ASSETS		
Land	154,800	154,800
Building - Family Home	2,238,463	2,238,463
Building - Safehouse	246,787	246,787
Furniture and fixtures	118,073	118,073
Computer equipment	78,798	67,028
Software	43,062	14,694
	2,879,983	2,839,845
Less: Accumulated depreciation and amortization	(414,503)	(331,548)
Net fixed assets	2,465,480	2,508,297
OTHER ASSETS		
Investments (Notes 2, 3 and 14)	1,474,810	1,409,906
Grants receivable, net of current portion (Note 4)	25,000	-
Pledges receivable, net of current portion and allowance for uncollectible accounts of $33,895 and $22,695 in 2010 and 2009, respectively (Note 5)	141,445	65,201
Deposits	1,500	1,500
Total other assets	1,642,755	1,476,607
TOTAL ASSETS	**$ 5,602,533**	**$ 5,189,309**

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS

	2010	2009
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 145,403	$ 100,496
Deposits held in escrow (Note 6)	33,665	37,897
Total current liabilities	179,068	138,393
LONG-TERM LIABILITIES		
Community Development Block Grant Fund conditional debt (Note 7)	600,000	600,000
Arlington County conditional debt (Note 3)	757,495	726,287
Total long-term liabilities	1,357,495	1,326,287
Total liabilities	1,536,563	1,464,680
NET ASSETS		
Unrestricted:		
Undesignated	2,337,378	2,136,065
Board designated (Note 8)	616,491	622,634
Total unrestricted	2,953,869	2,758,699
Temporarily restricted (Note 9)	1,112,101	965,930
Total net assets	4,065,970	3,724,629
TOTAL LIABILITIES AND NET ASSETS	**$ 5,602,533**	**$ 5,189,309**

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, 2010
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2009

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Contributions (Note 1)	$ 836,835	$ 145,000	$ 981,835	$ 459,173
Foundation grants	357,307	676,203	1,033,510	817,350
Government grants and contracts	1,162,460	-	1,162,460	1,078,125
Investment income (loss) (Note 2)	44,641	-	44,641	(98,291)
In-kind contributions (Note 11)	205,002	-	205,002	197,869
Special event revenue	148,976	-	148,976	145,793
Other revenue	32,612	-	32,612	1,406
Net assets released from donor restrictions (Note 10)	675,032	(675,032)	-	-
Total revenue	3,462,865	146,171	3,609,036	2,601,425
EXPENSES				
Program Services:				
Domestic Violence	827,459	-	827,459	747,162
HomeStart	773,334	-	773,334	591,986
Family Home	832,164	-	832,164	756,394
Community Education	487,249	-	487,249	466,230
Total program services	2,920,206	-	2,920,206	2,561,772
Supporting Services:				
Management and General	117,495	-	117,495	72,820
Fundraising	229,994	-	229,994	213,012
Total supporting services	347,489	-	347,489	285,832
Total expenses	3,267,695	-	3,267,695	2,847,604
Change in net assets	195,170	146,171	341,341	(246,179)
Net assets at beginning of year	2,758,699	965,930	3,724,629	3,970,808
NET ASSETS AT END OF YEAR	**$ 2,953,869**	**$ 1,112,101**	**$ 4,065,970**	**$ 3,724,629**

See accompanying notes to consolidated financial statements.

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2009

	2010				
	Program Services				
	Domestic Violence	HomeStart	Family Home	Community Education	Total Program Services
Salaries, taxes, and benefits (Note 13)	$ 601,253	$ 389,499	$ 516,941	$ 324,467	$ 1,832,160
Professional fees	8,801	4,987	7,543	14,097	35,428
Advertising/publicity	-	-	-	1,964	1,964
Credit card processing	-	-	-	468	468
Depreciation and amortization	13,682	3,471	70,831	1,093	89,077
Donor relations	-	-	-	4,467	4,467
Event venue and donor relations expense	-	-	-	18,720	18,720
Meetings, food and miscellaneous	756	563	658	691	2,668
Membership dues and fees	733	1,176	1,000	237	3,146
Office occupancy expenses (Note 12)	26,953	64,570	22,406	28,280	142,209
Insurance	4,386	2,638	3,829	2,492	13,345
Office supplies	2,597	1,647	2,232	2,128	8,604
Postage and shipping	10	-	46	6,032	6,088
Printing and graphics	1,217	1,276	1,012	31,051	34,556
Publications/subscriptions	-	-	280	295	575
Small equipment costs	381	3,359	7,751	109	11,600
Staff travel expenses	1,605	2,605	1,757	335	6,302
Volunteer recruitment/retention	37	-	-	3,581	3,618
Capital expenditures	753	-	-	-	753
Facilities management	35,011	726	53,294	-	89,031
Client assistance	66,445	264,863	76,415	-	407,723
Investment expense	-	-	-	-	-
Performance evaluation	3,650	3,380	3,650	-	10,680
Emergency contingency	235	131	12,849	-	13,215
Red Flag Campaign expenses	-	-	-	7,577	7,577
Loss on disposal	1,247	201	201	-	1,649
Bad debt expense	-	-	-	-	-
Sub-total	769,752	745,092	782,695	448,084	2,745,623
Allocation of management and general	57,707	28,242	49,469	39,165	174,583
TOTAL	**$ 827,459**	**$ 773,334**	**$ 832,164**	**$ 487,249**	**$ 2,920,206**

See accompanying notes to consolidated financial statements.

Supporting Services				2009
Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
$ 211,587	$ 129,609	$ 341,196	$ 2,173,356	$ 1,780,188
16,650	3,031	19,681	55,109	213,582
-	-	-	1,964	2,968
-	7,681	7,681	8,149	8,995
5,662	2,301	7,963	97,040	90,744
-	433	433	4,900	1,210
-	12,506	12,506	31,226	17,818
1,957	125	2,082	4,750	4,661
164	145	309	3,455	4,130
28,650	12,591	41,241	183,450	101,083
1,339	993	2,332	15,677	13,612
1,628	632	2,260	10,864	13,678
1,234	2,029	3,263	9,351	20,946
1,830	9,590	11,420	45,976	74,439
356	-	356	931	1,374
888	38	926	12,526	3,854
519	120	639	6,941	6,235
-	-	-	3,618	2,961
-	1,688	1,688	2,441	3,356
-	-	-	89,031	90,674
-	-	-	407,723	368,061
450	-	450	450	340
-	-	-	10,680	-
31,277	-	31,277	44,492	-
-	-	-	7,577	-
334	-	334	1,983	-
-	34,035	34,035	34,035	22,695
304,525	217,547	522,072	3,267,695	2,847,604
(187,030)	12,447	(174,583)	-	-
$ 117,495	**$ 229,994**	**$ 347,489**	**$ 3,267,695**	**$ 2,847,604**

See accompanying notes to consolidated financial statements.

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 341,341	$ (246,179)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	97,040	90,744
Realized loss on investments	433	3,394
Unrealized (gain) loss on investments	(34,000)	121,186
Loss on disposal of fixed assets	1,983	-
Bad debt expense	34,035	22,695
(Increase) decrease in:		
Grants receivable	(241,844)	325,236
Pledges receivable	(105,013)	173,388
Inventory	(1,274)	2,004
Prepaid expenses	(5,633)	(6,679)
Increase (decrease) in:		
Accounts payable and accrued liabilities	44,907	15,734
Escrow	(4,232)	3,390
Net cash provided by operating activities	127,743	504,913
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(56,206)	(15,879)
Net purchase of investments	(129)	(80,267)
Net cash used by investing activities	(56,335)	(96,146)
Net increase in cash and cash equivalents	71,408	408,767
Cash and cash equivalents at beginning of year	990,650	581,883
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 1,062,058**	**$ 990,650**

SUPPLEMENTAL INFORMATION:

During the year ended June 30, 2010, Doorways received a $31,208 distribution for the conditional loan from Arlington County to invest in Cameron Commons, LLC (see Note 3). The funds were transferred directly from Arlington County to Cameron Commons, LLC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2010

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, incorporated 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 doubled capacity in fiscal year 2010 from 20 families to 54 families at a time.
- 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 25 families (26 adults and 33 children) in fiscal year 2010.

Over the past five years, Doorways for Women and Families, Inc. greatly enhanced supportive services for the clients served. In an effort to meet their varied and profound needs, Doorways for Women and Families, Inc. developed and implemented holistic, client-centered, and strength-based services that offer clients 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 are 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 receive training and provide over 4,000 hours of client-centered services each year; 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 during Domestic Violence Awareness month, college-based Red Flag dating violence prevention campaigns at three local campuses and year-round community presentations.

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

Organization (continued) -

Doorways for Women and Families, Inc. employs 28 full-time employees and utilizes the expertise of 125 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, 2010. The financial statements of the two organizations have been consolidated because they are under common control. All intercompany transactions have been eliminated during 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, 2009, from which the summarized information was derived.

Recently issued accounting standards -

In June 2009, the Financial Accounting Standards Board (FASB) issued FASB ASC 105, *Generally Accepted Accounting Principles*, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, Doorways has updated references to GAAP in its financial statements issued for the year ended June 30, 2010. The adoption of FASB ASC 105 did not impact Doorways' financial position or results of operations.

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. The carrying amount reported in the Consolidated Statement of Financial Position approximates fair market value.

At times during the year, Doorways maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Grants and pledges receivable -

Grants and pledges receivable approximate fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer.

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

Inventory -

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

Fixed assets -

Fixed assets greater than $1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets. 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.

Contributions are recorded as revenue in the year notification is received from the donor. 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. Contributions received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying consolidated financial statements.

In 2010, Doorways received $981,835 in contributions, an increase of $522,662 over the prior year. The increase is attributable to a one-time bequest of $285,057 and the initiation of the Brighter Futures Society, a program which seeks five-year pledges to support Doorways' ongoing work in the Arlington community. Pledge receivables are required by generally accepted accounting principles to be recorded as income when the donor obligates the funds. In 2010, two five year pledges totaling $150,000 were recognized as contribution revenue; $5,000 was received from these pledges during 2010.

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

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.

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the year ended June 30, 2010, Doorways has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

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 measurements -

Doorways adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosure*s. 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, 2010:

	Market Value
Stocks	$ 6,902
Corporate bonds	87,408
Mutual funds	316,633
Certificates of deposit	153,559
Equity investment in Cameron Commons, LLC (Note 3)	910,308
TOTAL INVESTMENTS	**$ 1,474,810**

Included in investment income are the following:

Interest and dividends	$ 11,074
Realized loss	(433)
Unrealized gain	43,678
Unrealized loss on equity investment (Note 3)	(9,678)
TOTAL INVESTMENT INCOME	**$ 44,641**

3. INTEREST IN CAMERON COMMONS LLC

During 2009, Doorways formed a single entity LLC, Doorways Cameron, LLC, whose sole purpose was to enter into an agreement with the 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 converted to revenue. Also in 2010, Doorways contributed $168,792 to Cameron Commons, LLC.

As of June 30, 2010, Doorways has a 12.5% interest in Cameron Commons, LLC. The agreement allows Doorways to make additional capital contributions up to a 31% interest.

Doorways currently accounts for its investment in Cameron Commons, LLC using the equity method. During 2010, Cameron Commons, LLC's operating loss was $77,425, of which $9,678 was allocated to Doorways Cameron, LLC. Accordingly, Doorways' investment in Cameron Commons, LLC at June 30, 2010 totaled $910,308.

4. GRANTS RECEIVABLE

Grants receivable are considered fully collectable. As of June 30, 2010, grants are due as follows:

Less than one-year	$ 346,608
One to five years	25,000
TOTAL GRANTS RECEIVABLE	**$ 371,608**

5. PLEDGES RECEIVABLE

As of June 30, 2010, contributors to Doorways have made written promises to give totaling 231,715. Pledges are due as follows:

Less than one-year	$ 56,375
One to five years	175,340
Total	231,715
Less: Reserve for uncollectible pledges	(33,895)
TOTAL PLEDGES RECEIVABLE	**$ 197,820**

6. 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 $33,665 is restricted for client funds in escrow.

7. 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). 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 converted to revenue. The full $600,000 commitment has been drawn since 2007.

8. BOARD DESIGNATED NET ASSETS

As of June 30, 2010, net assets have been designated by the Board of Directors for the following purposes:

Operating reserve	$ 564,502
Building improvements	51,989
TOTAL BOARD DESIGNATED NET ASSETS	**$ 616,491**

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2010:

Program Restricted:	
Domestic Violence	$ 346,427
HomeStart	240,167
Family Home	210,167
Cameron Commons	110,000
Total program restricted	906,761
Time Restricted:	
General Operations	205,340
TOTAL TEMPORARILY RESTRICTED NET ASSETS	**$1,112,101**

10. 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	$ 184,295
HomeStart	102,779
Family Home	111,685
Cameron Commons	163,717
Total program restricted	562,476
Time Restricted:	
Domestic Violence	25,000
HomeStart	25,000
Family Home	25,000
General Operations	37,556
Total time restricted	112,556
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	**$ 675,032**

11. IN-KIND CONTRIBUTIONS

Contributed services from attorneys, architects, and IT professionals and goods donated for distribution in Doorways' programs are recognized as in-kind revenues at their estimated fair market value. Doorways recognized $15,956 of contributed services and $189,046 of contributed goods for the year ended June 30, 2010.

These services benefited Doorways' programs as follows:

Domestic Violence	$ 49,545
HomeStart	71,260
Family Home	56,509
Community Education	7,940
Management and General	18,636
Fundraising	1,112
TOTAL IN-KIND CONTRIBUTIONS	**$ 205,002**

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.

12. LEASE COMMITMENT

During the year ended June 30, 2007, Doorways extended its office lease through April 2011.

Future minimum lease payments are as follows:

Year Ended June 30	
2011	**$ 55,226**

12. LEASE COMMITMENT (Continued)

Rent expense, including utilities and taxes for the year ended June 30, 2010, was $70,073. Rent expense is included in office occupancy expenses in the accompanying Consolidated Statement of Functional Expenses.

13. PENSION PLAN

Doorways has established a 403(b) plan for its employees. Eligible employees must be employed for at least one-year and complete 1,000 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, 2010 totaled $24,139.

14. FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, 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 in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

Financial assets recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to the valuation technique as follows for the year ended June 30, 2010:

	Level 1	Level 2	Level 3	Total
Asset Category:				
Investments	**$ 410,943**	**$ 153,559**	**$ 910,308**	**$ 1,474,810**

14. FAIR VALUE MEASUREMENTS (Continued)

Level 3 Financial Assets

The following table provides a summary of changes in fair value of Doorways' financial assets for the year ended June 30, 2010:

	Investments
Beginning balance as of July 1, 2009	$ 719,986
Unrealized losses	(9,678)
Contributions	200,000
BALANCE AS OF JUNE 30, 2010	**$ 910,308**

15. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, Doorways has evaluated events and transactions for potential recognition or disclosure through November 15, 2010, the date the consolidated financial statements were issued.