DOORWAYS
for women and families

Formerly The Arlington Community Temporary Shelter (TACTS)

www.doorwaysVA.org

Management's Discussion and Analysis

As of June 30, 2011

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, 2011.

In accordance with Generally Accepted Accounting Principles, contributions to Doorways are recorded as revenue in the year notification is received from the donor. In FY11, Doorways' expenses ($3,452,356) exceeded revenue received ($3,414,076) for the fiscal year. This was an anticipated outcome, as operating expenses for FY11 included revenue carried over from FY10 related activities; which were supported by a one-time bequest received and recognized in FY10. Funds from this bequest totaled $285,000. A portion of the bequest ($72,000) was directed to our final payment in purchase of Cameron Commons Apartment; where Doorways partnered with the Arlington Partnership for Affordable Housing to co-own five, family-sized apartment units for use by Doorways' clients. The remainder of the bequest was used for operating expenses in FY11.

Looking ahead to FY12, marks the first year Doorways began the new fiscal year without reserves from our 2007 Capital Campaign (which generated three years of operating revenue) or bequest funds for operations. We have worked diligently to reduce expenses in all possible areas, without reducing client services or programming. In addition, we received increased support from Arlington County Government and have enhanced our development efforts toward ensuring annual revenue to support our ongoing operations. This effort has been successful and the FY12 Doorways' operating budget is in balance.

CONSOLIDATED FINANCIAL STATEMENTS

DOORWAYS
for women and families

FOR THE YEAR ENDED JUNE 30, 2011
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2010

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, 2011, 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' 2010 consolidated financial statements and, in our report dated November 15, 2010, 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, 2011, 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 4, 2011

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

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2011
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010

ASSETS

	2011	2010
CURRENT ASSETS		
Cash and cash equivalents:		
Unrestricted	$ 706,279	$ 1,028,393
Restricted for client escrow (Note 6)	24,626	33,665
Total cash and cash equivalents	730,905	1,062,058
Grants receivable, current portion (Note 4)	124,950	346,608
Pledges receivable, current portion (Note 5)	152,100	56,375
Inventory	6,357	5,692
Prepaid expenses	41,409	23,565
Total current assets	1,055,721	1,494,298
FIXED ASSETS		
Land	154,800	154,800
Building - Family Home	2,239,772	2,238,463
Building - Safehouse	246,787	246,787
Furniture and fixtures	127,187	118,073
Computer equipment	67,715	78,798
Software	43,598	43,062
Leasehold improvements	10,246	-
	2,890,105	2,879,983
Less: Accumulated depreciation and amortization	(474,727)	(414,503)
Net fixed assets	2,415,378	2,465,480
OTHER ASSETS		
Investments (Notes 2 and 14)	498,200	564,503
Investment in Cameron Commons (Notes 3 and 14)	1,172,068	910,308
Grants receivable, net of current portion (Note 4)	-	25,000
Pledges receivable, net of current portion, discount, and allowance for uncollectible accounts of $51,840 and $33,895 in 2011 and 2010, respectively (Note 5)	430,198	141,445
Deposits	12,545	1,500
Total other assets	2,113,011	1,642,756
TOTAL ASSETS	**$ 5,584,110**	**$ 5,602,534**

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS

	2011	2010
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 147,681	$ 145,404
Deposits held in escrow (Note 6)	24,626	33,665
Total current liabilities	172,307	179,069
LONG-TERM LIABILITIES		
Community Development Block Grant Fund conditional debt (Note 7)	600,000	600,000
Arlington County conditional debt (Note 3)	757,495	757,495
Deferred rent liability	26,618	-
Total long-term liabilities	1,384,113	1,357,495
Total liabilities	1,556,420	1,536,564
NET ASSETS		
Unrestricted:		
Undesignated	2,394,032	2,337,378
Board designated (Note 8)	559,164	616,491
Total unrestricted	2,953,196	2,953,869
Temporarily restricted (Note 9)	1,074,494	1,112,101
Total net assets	4,027,690	4,065,970
TOTAL LIABILITIES AND NET ASSETS	**$ 5,584,110**	**$ 5,602,534**

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, 2011 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Contributions (Note 1)	$ 505,906	$ 655,630	$ 1,161,536	$ 981,835
Foundation grants	343,714	304,500	648,214	1,033,510
Government grants and contracts	1,170,454	12,900	1,183,354	1,162,460
Investment income (Note 2)	101,105	-	101,105	54,319
Investment in Cameron Commons (Note 3)	(10,400)	-	(10,400)	(9,678)
In-kind contributions (Note 11)	200,571	-	200,571	205,002
Special event revenue	126,261	-	126,261	148,976
Other revenue	3,435	-	3,435	32,612
Net assets released from donor restrictions (Note 10)	1,010,637	(1,010,637)	-	-
Total revenue	3,451,683	(37,607)	3,414,076	3,609,036
EXPENSES				
Program Services:				
Domestic Violence	816,473	-	816,473	827,459
HomeStart	862,100	-	862,100	773,334
Family Home	844,853	-	844,853	832,164
Community Education	479,076	-	479,076	487,249
Total program services	3,002,502	-	3,002,502	2,920,206
Supporting Services:				
Management and General	175,174	-	175,174	117,495
Fundraising	274,680	-	274,680	229,994
Total supporting services	449,854	-	449,854	347,489
Total expenses	3,452,356	-	3,452,356	3,267,695
Change in net assets	(673)	(37,607)	(38,280)	341,341
Net assets at beginning of year	2,953,869	1,112,101	4,065,970	3,724,629
NET ASSETS AT END OF YEAR	**$ 2,953,196**	**$ 1,074,494**	**$ 4,027,690**	**$ 4,065,970**

See accompanying notes to consolidated financial statements.

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010

	2011				
	Program Services				
	Domestic Violence	HomeStart	Family Home	Community Education	Total Program Services
Salaries, taxes, and benefits (Note 13)	$ 570,162	$ 471,235	$ 516,442	$ 336,526	$ 1,894,365
Professional fees	10,962	13,781	9,700	15,621	50,064
Advertising/publicity	-	-	-	3,311	3,311
Credit card processing	-	-	-	509	509
Depreciation and amortization	13,428	4,611	71,148	1,451	90,638
Donor relations	-	-	-	2,686	2,686
Event venue and donor relations expenses	-	-	-	12,082	12,082
Meetings, food and miscellaneous	842	608	814	892	3,156
Membership dues and fees	900	277	335	263	1,775
Office occupancy expenses (Note 12)	42,694	62,200	35,469	25,367	165,730
Insurance	4,599	2,976	3,819	2,560	13,954
Office supplies	2,049	1,815	2,290	1,342	7,496
Postage and shipping	18	-	9	5,691	5,718
Printing and graphics	91	101	220	23,144	23,556
Publications/subscriptions	-	-	305	60	365
Small equipment costs	1,935	5,061	3,116	1,935	12,047
Staff travel expenses	1,938	2,856	793	420	6,007
Volunteer recruitment/retention	-	-	-	3,781	3,781
Capital expenditures	-	-	245	-	245
Facilities management	38,593	1,255	53,470	454	93,772
Client assistance	55,894	231,060	78,803	-	365,757
Investment expense	-	-	-	-	-
Performance evaluation	14,055	14,055	14,055	-	42,165
Emergency contingency	-	-	-	-	-
Red Flag Campaign expenses	-	-	-	5,570	5,570
Loss on disposal	323	-	-	-	323
Bad debt expense	-	-	-	-	-
Sub-total	758,483	811,891	791,033	443,665	2,805,072
Allocation of management and general	57,990	50,209	53,820	35,411	197,430
TOTAL	**$ 816,473**	**$ 862,100**	**$ 844,853**	**$ 479,076**	**$ 3,002,502**

See accompanying notes to consolidated financial statements.

Supporting Services				2010
Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
$ 278,102	$ 133,304	$ 411,406	$ 2,305,771	$ 2,173,356
42,970	3,452	46,422	96,486	55,109
-	-	-	3,311	1,964
55	9,616	9,671	10,180	8,149
5,365	2,431	7,796	98,434	97,040
58	755	813	3,499	4,900
-	11,616	11,616	23,698	31,226
1,853	222	2,075	5,231	4,750
870	88	958	2,733	3,455
48,104	12,003	60,107	225,837	183,450
1,563	990	2,553	16,507	15,677
1,195	3,905	5,100	12,596	10,864
2,642	2,174	4,816	10,534	9,351
428	7,892	8,320	31,876	45,976
71	-	71	436	931
2,679	1,340	4,019	16,066	12,526
523	3	526	6,533	6,941
-	-	-	3,781	3,618
-	-	-	245	2,441
-	-	-	93,772	89,031
290	-	290	366,047	407,723
300	-	300	300	450
-	-	-	42,165	10,680
(4,533)	-	(4,533)	(4,533)	44,492
-	-	-	5,570	7,577
4,058	-	4,058	4,381	1,983
-	70,900	70,900	70,900	34,035
386,593	260,691	647,284	3,452,356	3,267,695
(211,419)	13,989	(197,430)	-	-
$ 175,174	**$ 274,680**	**$ 449,854**	**$ 3,452,356**	**$ 3,267,695**

See accompanying notes to consolidated financial statements.

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (38,280)	$ 341,341
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	98,434	97,040
Realized loss on investments	10,151	433
Unrealized gain on investments	(105,925)	(43,678)
Unrealized loss on investment in Cameron Commons	10,400	9,678
Donated securities	(32,813)	-
Loss on disposal of fixed assets	4,381	1,983
Discount on pledges receivable	17,945	11,200
	32,570	-
(Increase) decrease in:		
Grants receivable	246,658	(241,844)
Pledges receivable	(434,993)	(82,178)
Inventory	(665)	(1,274)
Prepaid expenses	(17,844)	(5,633)
Deposits	(11,045)	-
Increase (decrease) in:		
Accounts payable and accrued liabilities	2,278	44,910
Escrow	(9,039)	(4,232)
Deferred rent liability	26,618	-
Net cash (used) provided by operating activities	(201,169)	127,746
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(52,713)	(56,209)
Net purchase of investments	194,889	(129)
Purchase of interest in Cameron Commons, LLC	(272,160)	-
Net cash used by investing activities	(129,984)	(56,338)
Net (decrease) increase in cash and cash equivalents	(331,153)	71,408
Cash and cash equivalents at beginning of year	1,062,058	990,650
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 730,905**	**$ 1,062,058**

See accompanying notes to consolidated financial statements.

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 and community based programs assisted 85 families in fiscal year 2011.

- 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 22 families (24 adults and 36 children) in fiscal year 2011.

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 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, 2011. 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, 2010, 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. 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 donor.

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. Building improvements, furniture and fixtures, computer equipment and software are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five to thirty-seven years. Leasehold improvements are amortized over the life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

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

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 initiated 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.

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. 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.

Doorways Cameron, LLC is registered as a for-profit limited liability corporation under the laws of the State of Virginia; however, due to its charitable nature, it is considered a "disregarded entity" (for tax purposes) by the Internal Revenue Service.

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.

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

Uncertain tax positions (continued) -

For the year ended June 30, 2011, 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 Disclosures*. 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, 2011:

	Market Value
Stocks	$ 397,187
Corporate bonds	90,818
Certificates of deposit	10,195
TOTAL INVESTMENTS	**$ 498,200**

2. INVESTMENTS (Continued)

Included in investment income are the following:

Interest and dividends	$ 5,331
Realized loss	(10,151)
Unrealized gain	105,925
TOTAL INVESTMENT INCOME	**$ 101,105**

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 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. 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. As of December 31, 2010, the audited assets of Cameron Commons, LLC totaled $2,474,961 and the liabilities totaled $2,435,127. For the year ended December 31, 2010, Cameron Commons, LLC’s operating loss was $54,736, of which $10,400 was allocated to Doorways Cameron, LLC. The operating gain or loss through June 30, 2011 has not been audited, and accordingly, has not been included in the accompanying Consolidated Statement of Activities and Change in Net Assets. Doorways’ investment in Cameron Commons, LLC at June 30, 2011 totaled $1,172,068.

4. GRANTS RECEIVABLE

Grants receivable are considered fully collectable. As of June 30, 2011, grants are due to be collected within one year.

5. PLEDGES RECEIVABLE

As of June 30, 2011, contributors to Doorways have made written promises to give totaling $666,708. Pledges are due as follows:

Less than one year	$ 152,100
One to five years	514,608
Total	666,708
Less: Discount to present value at 3%	(32,570)
Less: Reserve for uncollectible pledges	(51,840)
TOTAL PLEDGES RECEIVABLE	**$ 582,298**

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 $24,626 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, 2011, net assets have been designated by the Board of Directors for the following purposes:

Operating reserve	$ 507,297
Building improvements	51,867
TOTAL BOARD DESIGNATED NET ASSETS	**$ 559,164**

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2011:

Program Restricted:	
Domestic Violence	$ 135,056
HomeStart	157,802
Family Home	112,498
Children's program	15,000
Cameron Commons	20,000
Total program restricted	440,356
Time Restricted:	
Pledges receivable	634,138
TOTAL TEMPORARILY RESTRICTED NET ASSETS	**$1,074,494**

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	$ 265,870
HomeStart	217,767
Family Home	210,168
Cameron Commons	90,000
Total program restricted	783,805
Time Restricted:	
General Operations	226,832
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	**$ 1,010,637**

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. Donated goods and services consisted of the following at June 30, 2011:

Assets	$ 7,885
Professional fees	33,130
Gift cards	37,967
Goods and supplies	96,064
Artwork	7,000
Occupancy	18,525
TOTAL IN-KIND CONTRIBUTIONS	**$ 200,571**

These good and services benefited Doorways' programs as follows:

Domestic Violence	$ 47,248
HomeStart	73,289
Family Home	47,447
Community Education	7,480
Management and General	16,682
Fundraising	8,425
TOTAL IN-KIND CONTRIBUTIONS	**$ 200,571**

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 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.

Future minimum lease payments are as follows:

Year Ended June 30	
2012	$ 138,743
2013	155,826
2014	160,501
2015	165,316
2016	170,276
Thereafter	340,601
	$ 1,131,263

Rent expense, including utilities and taxes for the year ended June 30, 2011, was $92,299. 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, 2011 totaled $25,211.

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.

14. FAIR VALUE MEASUREMENTS (Continued)

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, 2011:

	Level 1	Level 2	Level 3	Total
Asset Category:				
Investments	$ 488,005	$ 10,195	$ -	$ 498,200
Investment in Cameron Commons	$ -	$ -	$ 1,172,068	$ 1,172,068

Level 3 Financial Assets

The following table provides a summary of changes in fair value of Doorways' level 3 financial assets for the year ended June 30, 2011:

	Investments
Beginning balance as of July 1, 2010	$ 910,308
Unrealized losses	(10,400)
Contributions	272,160
BALANCE AS OF JUNE 30, 2011	$ 1,172,068

15. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, Doorways has evaluated events and transactions for potential recognition or disclosure through November 4, 2011, the date the consolidated financial statements were issued.