DOORWAYS
for women and families

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2018

The management of Doorways for Women and Families, Inc. ("Doorways") is pleased to provide supplemental information to assist financial statement readers in understanding our financial condition and operating results as of and for the fiscal year ended June 30, 2018 ("FY2018").

FY2018 marked the third and final year of The Campaign for Brighter Futures, which had an ambitious goal of securing $10 million of private donor support. As expected, donor contributions increased modestly in comparison to the 2017 fiscal year, with a notable number of additional pledge commitments made by key donors to The Campaign for Brighter Futures who were inspired to help reach campaign goals. From a cash flow perspective, Doorways continued to benefit from The Campaign for Brighter Futures pledges made during its initial two years as significant payments of prior year pledges were received during FY2018, which resulted in a sizeable release of net assets that were temporarily restricted pending payment.

Consistent with expectations, private grant support continued to decline during FY2018. A key circumstance in reduced private grant support during FY2018 was the planned wind-down resulting from the closure of the Freddie Mac Foundation, which made its final grant ($87,500) to Doorways in the 2017 fiscal year. Also impacting private grant support in FY2018 were changes in the timing of grant award cycles, and changes in foundation support strategies.

During FY2018, Doorways continued to receive recognition as a leading provider of domestic and sexual violence support and was awarded modest increased state government funding to provide additional services. Continued strong market conditions led to significant investment income during FY2018.

Substantially all cost increases experienced during FY2018 related to expanding and maintaining the continuity of Doorways' family homelessness, domestic violence and sexual assault services, many of which increased to meet heightened demand for assistance. Fundraising expenses increased in FY2018 due to the withdrawal of a significant donor pledge made prior to FY2018, which, in accordance with generally accepted accounting principles, was required to be accounted for as an expense arising from the write-off of an uncollectible debt.

Management keenly understands that Doorways' donors give to make a profound difference in the lives of those in great need. It is grateful that it has earned the donor community's respect and confidence and is proud of Doorways' reputation as a responsible steward of its donor's generosity. During the current fiscal year, Doorways' management will continue to honor this trust by striving to carry on our tradition of meeting our client's needs in the most efficient, cost-effective manner possible while remaining focused on lasting outcomes in their safety and stability. We will continue to safeguard financial resources that have been entrusted to us through an appropriate internal control environment with an emphasis on strong budgetary control and routine periodic governance review.

CONSOLIDATED FINANCIAL STATEMENTS

DOORWAYS
for women and families

FOR THE YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2017

DOORWAYS FOR WOMEN AND FAMILIES, INC.

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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, 2018, 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.

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

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, 2018, 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.

Report on Summarized Comparative Information

We have previously audited Doorways' 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 6, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Gelman Rosenberg & Freedman

October 3, 2018

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents:		
Unrestricted	$ 1,601,112	$ 1,940,897
Restricted cash (Note 5)	3,605	6,571
Total cash and cash equivalents	1,604,717	1,947,468
Grants receivable	271,476	164,605
Pledges receivable, current portion (Note 4)	637,674	612,299
Inventory (Note 10)	39,818	22,493
Prepaid expenses	36,579	35,953
Total current assets	2,590,264	2,782,818
FIXED ASSETS		
Land	154,800	154,800
Building - Family Home (Note 6)	2,256,079	2,253,964
Building - Safehouse	549,859	548,671
Furniture and fixtures	124,428	124,428
Computer equipment	152,196	137,558
Leasehold improvements	28,782	22,993
	3,266,144	3,242,414
Less: Accumulated depreciation and amortization	(1,260,193)	(1,136,468)
Net fixed assets	2,005,951	2,105,946
NONCURRENT ASSETS		
Investments (Notes 2 and 14)	1,580,539	1,259,842
Investment in Cameron Commons, LLC (Note 3)	1,060,490	1,061,795
Pledges receivable, net of current portion, discount, and allowance for uncollectable accounts of $240,304 and $265,783 in 2018 and 2017, respectively (Note 4)	738,162	939,257
Deposits	12,545	12,545
Total noncurrent assets	3,391,736	3,273,439
TOTAL ASSETS	**$ 7,987,951**	**$ 8,162,203**

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 176,797	$ 190,491
Deposits held in escrow (Note 5)	3,605	6,571
Current portion of deferred rent liability (Note 11)	1,874	-
Total current liabilities	182,276	197,062
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)	19,110	17,870
Total long-term liabilities	1,376,605	1,375,365
Total liabilities	1,558,881	1,572,427
NET ASSETS		
Unrestricted:		
Undesignated	507,827	710,598
Invested in unrestricted fixed assets	1,881,019	1,953,834
Board designated (Note 7)	2,112,095	1,799,791
Total unrestricted	4,500,941	4,464,223
Temporarily restricted (Note 8)	1,928,129	2,125,553
Total net assets	6,429,070	6,589,776
TOTAL LIABILITIES AND NET ASSETS	**$ 7,987,951**	**$ 8,162,203**

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Contributions	$ 976,094	$ 535,411	$ 1,511,505	$ 1,487,792
Private grants	309,804	-	309,804	610,147
Government grants and contracts	2,309,111	-	2,309,111	2,261,155
Investment income (Note 2)	131,811	-	131,811	149,881
Investment loss in Cameron Commons, LLC (Note 3)	(1,305)	-	(1,305)	(3,549)
In-kind contributions (Note 10)	296,678	-	296,678	221,960
Special event revenue	88,773	-	88,773	90,603
Other revenue	2,346	-	2,346	2,578
Net assets released from donor restrictions (Note 9)	732,835	(732,835)	-	-
Total support and revenue	4,846,147	(197,424)	4,648,723	4,820,567
EXPENSES				
Program Services:				
Domestic and Sexual Violence	1,149,516	-	1,149,516	1,010,714
Family Home	870,743	-	870,743	835,903
HomeStart	744,284	-	744,284	713,106
Services	522,527	-	522,527	553,793
Counseling	669,703	-	669,703	509,354
Community Education	85,875	-	85,875	167,786
Total program services	4,042,648	-	4,042,648	3,790,656
Supporting Services:				
Management and General	172,683	-	172,683	295,207
Fundraising	594,098	-	594,098	426,714
Capacity Building	-	-	-	14,400
Total supporting services	766,781	-	766,781	736,321
Total expenses	4,809,429	-	4,809,429	4,526,977
Change in net assets	36,718	(197,424)	(160,706)	293,590
Net assets at beginning of year	4,464,223	2,125,553	6,589,776	6,296,186
NET ASSETS AT END OF YEAR	**$ 4,500,941**	**$ 1,928,129**	**$ 6,429,070**	**$ 6,589,776**

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	2018				
					Program Services
	Domestic and Sexual Violence	Family Home	HomeStart	Services	Counseling
Salaries, taxes and benefits (Note 12)	$ 708,949	$ 491,874	$ 309,766	$ 412,386	$ 467,863
Professional fees	5,449	3,728	2,558	2,675	15,240
Advertising and publicity	1,684	-	-	-	5,015
Credit card processing	-	-	-	-	-
Depreciation and amortization	41,909	66,986	3,042	1,505	3,442
Donor relations	-	-	-	-	-
Event venue	-	-	-	-	-
Meetings, food and miscellaneous	534	609	469	299	253
Membership dues and fees	2,448	63	39	451	49
Office occupancy expenses (Note 11)	76,040	54,169	32,304	47,334	104,122
Insurance	7,477	5,608	3,427	4,985	4,362
Office supplies	1,228	3,314	2,788	2,168	5,018
Postage and shipping	38	29	18	26	22
Printing and graphics	120	-	-	-	50
Publications and subscriptions	-	-	-	-	-
Staff cell phone reimbursement	3,683	1,333	2,186	2,431	2,319
Staff travel expenses	5,350	1,081	1,587	2,401	2,012
Volunteer recruitment/retention	1,408	1,121	22	296	22
Facilities management	39,408	65,254	-	-	
Client assistance (Note 10)	180,800	123,377	351,289	-	11,758
Investment expense	-	-	-	-	-
Performance evaluation	6,125	5,723	5,255	5,589	5,456
Loss on disposal of fixed assets	-	-	-	-	-
Taxes	-	-	-	-	-
Bad debt expense	-	-	-	-	-
Sub-total	1,082,650	824,269	714,750	482,546	627,003
Allocation of management and general	66,866	46,474	29,534	39,981	42,700
TOTAL	**$ 1,149,516**	**$ 870,743**	**$ 744,284**	**$ 522,527**	**$ 669,703**

						2017
		Supporting Services				
Community Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
$ 55,855	$ 2,446,693	$ 326,304	$ 335,484	$ 661,788	$ 3,108,481	$ 2,975,960
3,330	32,980	27,235	11,484	38,719	71,699	51,569
393	7,092	-	12,594	12,594	19,686	26,454
-	-	14,180	-	14,180	14,180	11,319
463	117,347	4,170	2,208	6,378	123,725	123,142
-	-	375	2,085	2,460	2,460	1,786
4,577	4,577	-	15,860	15,860	20,437	17,040
77	2,241	259	326	585	2,826	2,379
11	3,061	10,502	934	11,436	14,497	16,220
8,825	322,794	15,378	20,962	36,340	359,134	373,891
934	26,793	3,931	2,181	6,112	32,905	29,076
395	14,911	(1,232)	2,407	1,175	16,086	31,101
1,159	1,292	1,245	4,690	5,935	7,227	7,105
4,126	4,296	2,354	18,247	20,601	24,897	32,429
-	-	787	-	787	787	197
18	11,970	222	42	264	12,234	13,098
53	12,484	18	257	275	12,759	9,954
22	2,891	-	-	-	2,891	3,707
-	104,662	-	-	-	104,662	90,847
-	667,224	-	-	-	667,224	615,612
-	-	9,604	-	9,604	9,604	9,806
201	28,349	17,883	28,714	46,597	74,946	73,952
-	-	-	-	-	-	10,333
-	-	2,617	-	2,617	2,617	-
-	-	-	103,465	103,465	103,465	-
80,439	3,811,657	435,832	561,940	997,772	4,809,429	4,526,977
5,436	230,991	(263,149)	32,158	(230,991)	-	-
$ 85,875	**$ 4,042,648**	**$ 172,683**	**$ 594,098**	**$ 766,781**	**$ 4,809,429**	**$ 4,526,977**

See accompanying notes to consolidated financial statements.

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (160,706)	$ 293,590
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	123,725	123,142
Realized (gain) loss on sales of investments	(14,709)	16,819
Unrealized gain on investments	(59,687)	(123,361)
Share of loss on investment in Cameron Commons	1,305	3,549
Loss on disposal of fixed assets	-	10,333
Change in reserve for uncollectable pledges	(35,320)	(17,680)
Change in discount on pledges receivable	9,841	(19,914)
(Increase) decrease in:		
Grants receivable	(106,871)	(21,875)
Pledges receivable	201,199	368,467
Inventory	(17,325)	(13,630)
Prepaid expenses	(626)	(4,326)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(13,694)	43,957
Deposits held in escrow	(2,966)	2,894
Deferred rent liability	3,114	8,003
Deferred income/revenue	-	(60,000)
Net cash (used) provided by operating activities	(72,720)	609,968
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(23,730)	(36,257)
Purchase of investments	(839,855)	(449,683)
Proceeds from sale of investments	593,554	434,917
Net cash used by investing activities	(270,031)	(51,023)
Net (decrease) increase in cash and cash equivalents	(342,751)	558,945
Cash and cash equivalents at beginning of year	1,947,468	1,388,523
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 1,604,717**	**$ 1,947,468**
SCHEDULE OF NONCASH INVESTING TRANSACTIONS		
Donated Securities	**$ 277,409**	**$ 353,346**

See accompanying notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

For over 40 years, Doorways for Women and Families, Inc. has played a vital role in the Arlington community, providing safe shelter, housing, and lifechanging support services to women, men and families facing the trauma of homelessness, domestic violence, and sexual assault.

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

Doorways for Women and Families, Inc. creates pathways out of homelessness, domestic violence and sexual assault leading to safe, stable and empowered lives. Doorways for Women and Families, Inc. is committed to continuous refinement of programs to provide the most holistic care possible to families in crisis to ultimately put an end to the cycles of violence and homelessness that plague too many in the community. Family safety and stability are facilitated through programs aimed at providing emergency safety followed by comprehensive services that support persons to overcome crisis and achieve stability. In fiscal year 2017, in response to record-level requests for help from survivors of abuse, Doorways expanded services across every program. Some of our clients participate in just one of our programs, while many utilize all that we offer. In FY18, our expanded programs combined to reach over 4,000 adults, youth and children, a 13% increase above the prior year. Together, these programs offer a range of options and a continuum of help for persons as they move from crisis to safety and stability:

- The Domestic and Sexual Violence Program serves as Arlington's primary sexual and domestic violence service provider and operates a wide range of services for persons impacted by abuse. These services include an 11-bed Safehouse Shelter and 2, 2-bedroom Safe Apartments that provide emergency shelter for adults and children in harm's way. In addition, we operate the County's 24/7 Domestic and Sexual Violence Hotline and Hospital Accompaniment Program, along with a Bilingual Court Advocacy and Companionship Program for persons seeking legal protection from interpersonal violence. In fiscal year 2018, the Safehouse and Safe Apartments provided emergency shelter for 58 adults and children (32 households), the Hotline provided crisis counseling and information for 3,116 adults, youth and children (call volume increased by 25% since last year), and the Court Advocacy Program assisted 195 adults and 201 children in navigating the legal pathways to safety. Over 90% of survivors served across these programs reported increased safety and knowledge of resources to remain safe from abuse. The number of Hospital Accompaniments for Sexual Assault Nurse Exams and Domestic Violence Forensic Exams doubled since last year to 60, increasing our reach into the community to assist more people in crisis.

- In its second year, Revive Domestic and Sexual Violence Counseling Center provided counseling and safety planning for 407 adults, youth and children impacted by abuse, a nearly 10% increase from last year. Of clients surveyed, 98% reported that they knew more ways to plan for their safety, and 97% reported increased understanding and knowledge of the impact of trauma and domestic violence/sexual assault.

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

Organization (continued) -

- The Freddie Mac Foundation Family Home provides emergency shelter (22 beds), food, skill building opportunities, referrals, and supportive counseling and goal planning services to women, children and families experiencing homelessness. The Home served 76 adults, youth and children (30 households) in fiscal year 2018. In recent years, the Family Home has served a high number of young families and young adults experiencing homelessness (40% of households served) and has implemented specialized programming to support their unique needs. In fiscal year 2018, nearly 75% of households exited shelter to long-term, stable housing.

- The HomeStart Supportive Housing Program offers rapid rehousing and long-term supportive housing for families who need assistance to leave shelter and obtain safe housing of their own. HomeStart offers residential stability (through rental subsidies) and intensive support focused on skill building to prevent the recurrence of homelessness and domestic violence. HomeStart assisted 118 adults and children (41 households) in fiscal year 2018, and 100% of households graduating from the program were able to meet their basic living expenses in safe, stable housing.

- Doorways Comprehensive Service Model is a cornerstone of our approach to addressing the complex and varied needs our clients face, and ensure every family member impacted receives the help they need. These individualized services include our Children's Program, our Financial Independence Track (FIT), and Life Skill Development for Youth/Young Adults. Together, these services provide clients of every age with the necessary tools to overcome trauma and adversity and form paths to lasting stability. In fiscal year 2018 our Children's Program supported nearly 130 children to receive basic health care, attend and thrive in school or daycare, and develop skills to overcome the adversity and trauma they had experienced in their young lives.

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

Through community education efforts, volunteers received training and provided 3,589 hours of client-centered services during fiscal year 2018. Resource drives provide clients with winter coats, school supplies and other in-kind support; and awareness of domestic and sexual violence is increased through activities and outreach and year-round community presentations.

Doorways for Women and Families, Inc. employs 38 full-time employees and 10 part-time employees and utilizes the expertise of 170 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, 2018. The financial statements of the two organizations have been consolidated based on common control. All intercompany transactions have been eliminated in consolidation.

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

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, 2017, from which the summarized information was derived.

Cash and cash equivalents -

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

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

Grants and pledges receivable -

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

Inventory -

Inventory consists of various gift cards, which are recorded at the cards' value. For the year ended June 30, 2018, Doorways adopted FASB ASU 2015-11 *Simplifying the Measurement of Inventory*, and as such, inventory is measured at the lower of cost and net realizable value using the first-in, first-out method of inventory. The ASU is applied prospectively.

Fixed assets -

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

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.

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.

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

Income taxes -

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

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

Income taxes (continued) -

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, 2018, Doorways has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Use of estimates -

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

Functional allocation of expenses -

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

Risks and uncertainties -

Doorways invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Fair value measurement -

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

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

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

New accounting pronouncement not yet adopted-

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Consolidated Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of Doorways consolidated financial statements, it is not expected to alter Doorways reported financial position.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year thus the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted and should be applied retrospectively in the year the ASU is first applied. Doorways plans to adopt the new ASU at the required implementation date.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Consolidated Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 31, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. Doorways plans to adopt the new ASU at the required implementation date.

2. INVESTMENTS

Investments consisted of the following at June 30, 2018:

	Fair Value
Equities	$ 1,171,921
Fixed income	408,618
TOTAL INVESTMENTS	**$ 1,580,539**

2. INVESTMENTS (Continued)

Included in investment income are the following at June 30, 2018:

Interest and dividends	$	57,415
Realized gain on sales of investments		14,709
Unrealized gain on investments		59,687
TOTAL INVESTMENT INCOME	**$**	**131,811**

3. INVESTMENT IN CAMERON COMMONS, LLC

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

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

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

For the calendar year ended December 31, 2017, Cameron Commons, LLC's audited net operating loss totaled $23,244, of which $7,206 was allocated to Doorways Cameron, LLC; additionally, an operating loss for the period January 1, 2018 through June 30, 2018, has been estimated at $3,405 and is included in the accompanying Consolidated Statement of Activities and Change in Net Assets.

Furthermore, the estimated operating loss of $9,306 for the period January 1, 2017 through June 30, 2017, has been reversed out of the calculated loss, as it was previously recorded in the consolidated financial statements during the year ended June 30, 2017. Doorways' investment in Cameron Commons, LLC at June 30, 2018 aggregated $1,060,490.

4. PLEDGES RECEIVABLE

As of June 30, 2018, contributors to Doorways have made written promises to give totaling $1,616,140. Pledges receivable are discounted to their net present value using the effective interest rate as of the date of award.

4. PLEDGES RECEIVABLE (Continued)

Pledges are due as follows at June 30, 2018:

Less than one year	$ 637,674
One to five years	978,466
	1,616,140
Less: Discount to present value at 5.00%	(78,304)
Less: Reserve for uncollectable pledges	(162,000)
TOTAL PLEDGES RECEIVABLE	**$ 1,375,836**

5. RESTRICTED CASH

Restricted cash consisted of the following at June 30, 2018:

Client Funds Held in Escrow	**$ 3,605**

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

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, 2018, net assets have been designated by the Board of Directors for the following purposes:

Operating reserve	$ 1,283,171
Working capital	421,538
Sustainability	355,935
Building improvements	51,451
TOTAL BOARD DESIGNATED NET ASSETS	**$ 2,112,095**

- Amounts designated for Operating Reserve are intended to cover unexpected funding losses or significant catastrophes and represent approximately 3 months of average annualized expenses based on the fiscal period ended June 30, 2018.

7. BOARD DESIGNATED NET ASSETS (Continued)

- Amounts designated for Working Capital are intended to cover unexpected short-term cash flow requirements and represent approximately 1 month of average annualized expenses based on the fiscal period ended June 30, 2018.
- Amounts designated for Sustainability are intended to provide future funding to sustain Doorways mission if jeopardized by an anticipated shift in or loss of funding critical to Doorways delivery of service or to serve as an “opportunity fund” to provide Doorways with the flexibility to expand services or innovate to advance its mission as the need arises. Spending from this fund is not permitted until the market value of the fund reaches $1million. To ensure preservation of the fund, certain spending limitations are imposed.
- Amounts designated for Building improvements are intended to fund expenditures beyond ordinary operating expenses for long-term component replacement and deferred maintenance at the agency owned domestic violence and homeless shelters located in Arlington, Virginia.

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2018:

Program Restricted:	
Domestic and Sexual Violence (Unamortized Safehouse improvements)	$ 124,932
Phil Graham Fund	33,334
Family Home	948
Cumulative Change in Discount	(45,735)
Total program restricted	113,479
Time Restricted	1,814,650
TOTAL TEMPORARILY RESTRICTED NET ASSETS	**$ 1,928,129**

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 and Sexual Violence	$ 27,180
Philip Graham	33,333
Family Home	156
The Agnes Varis Trust	65,000
Total program restricted	125,669
Passage of Time	607,166
NET ASSETS RELEASED FROM RESTRICTIONS	**$ 732,835**

10. IN-KIND CONTRIBUTIONS

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

Donated goods and services consisted of the following during the year ended June 30, 2018:

Professional fees	$ 38,204
Gift cards	39,259
Goods and supplies	219,215
TOTAL IN-KIND CONTRIBUTIONS	**$ 296,678**

In-kind contributions were classified in the following functional areas in the accompanying Consolidated Statement of Functional Expenses during the year ended June 30, 2018:

Domestic and Sexual Violence	$ 99,248
Family Home	91,684
HomeStart	56,509
Counseling	14,030
Services	1,086
Community Education	3,032
Management and General	2,975
Fundraising	10,789
TOTAL IN-KIND CONTRIBUTIONS	**$ 279,353**

During the year ended June 30, 2018, In-kind contributions included $17,325 of gift cards received but not yet expensed, and are included in Inventory in the accompanying Consolidated Statement of Financial Position. Additionally, volunteers have donated time to Doorways in various capacities to further the mission of the organization. As these services are not deemed to be specialized in nature (and therefore the value of these services is not readily determinable), these contributions have not been recognized in the accompanying consolidated financial statements.

11. LEASE COMMITMENT

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

11. LEASE COMMITMENT (Continued)

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, 2018, the total deferred rent liability aggregated $20,984.

Future minimum lease payments are as follows:

Year Ending June 30	
2019	$ 263,240
2020	272,191
2021	277,635
	$ 813,066

Rent expense, including utilities and taxes for the year ended June 30, 2018, was $254,093. 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 3% 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, 2018 totaled $65,869.

13. LINE OF CREDIT

In January 2017, Doorways established a line of credit with a local financial institution to support ongoing working capital needs of the organization, which will expire January 2019. The line of credit, in the amount of $150,000, is unsecured and accrues interest at the Wall Street Journal Prime Rate plus 1% or a minimum of 4.50% (6.00% as of June 30, 2018). There were no borrowings during the year or any outstanding amounts on the line of credit as of June 30, 2018.

14. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, Doorways has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

14. FAIR VALUE MEASUREMENT (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 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, 2018.

- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.

- F*ixed income* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

The table below summarizes, by level within the fair value hierarchy, Doorways' investments as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Equities	$ 1,171,921	$ -	$ -	$ 1,171,921
Fixed income	-	408,618	-	408,618
TOTAL INVESTMENTS	**$ 1,171,921**	**$ 408,618**	**$ -**	**$ 1,580,539**

15. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, Doorways has evaluated events and transactions for potential recognition or disclosure through October 3, 2018, the date the consolidated financial statements were issued.