CONSOLIDATED FINANCIAL STATEMENTS

DOORWAYS
for women and families

FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2018

DOORWAYS FOR WOMEN AND FAMILIES, INC.

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CPAs & ADVISORS

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, 2019, 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 800 North · Bethesda, Maryland 20814
(301) 951-9090 · 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, 2019, 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' 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 3, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Gelman Rosenberg & Freedman

October 1, 2019

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents:		
Without restriction	$ 1,696,717	$ 1,601,112
Restricted cash	1,166	3,605
Total cash and cash equivalents	1,697,883	1,604,717
Grants receivable	389,133	271,476
Pledges receivable, current portion (Note 2)	545,053	637,674
Inventory	34,219	39,818
Prepaid expenses	29,908	36,579
Total current assets	2,696,196	2,590,264
FIXED ASSETS		
Land	154,800	154,800
Building - Family Home (Note 5)	2,256,079	2,256,079
Building - Safehouse	549,859	549,859
Furniture and fixtures	124,428	124,428
Computer equipment	156,638	152,196
Leasehold improvements	28,782	28,782
	3,270,586	3,266,144
Less: Accumulated depreciation and amortization	(1,377,713)	(1,260,193)
Net fixed assets	1,892,873	2,005,951
NONCURRENT ASSETS		
Investments (Notes 3 and 14)	1,635,652	1,580,539
Investment in Cameron Commons, LLC (Note 4)	1,050,529	1,060,490
Pledges receivable, long term, net of allowance for uncollectable accounts of $197,462 and $240,304 in 2019 and 2018, respectively (Note 2)	538,703	738,162
Deposits	12,545	12,545
Total noncurrent assets	3,237,429	3,391,736
TOTAL ASSETS	**$ 7,826,498**	**$ 7,987,951**

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 203,076	$ 176,797
Deposits held in escrow	1,166	3,605
Current portion of deferred rent liability (Note 11)	7,168	1,874
Total current liabilities	211,410	182,276
LONG-TERM LIABILITIES		
Community Development Block Grant Fund conditional debt (Note 5)	600,000	600,000
Arlington County conditional debt (Note 4)	757,495	757,495
Deferred rent liability (Note 11)	12,612	19,110
Total long-term liabilities	1,370,107	1,376,605
Total liabilities	1,581,517	1,558,881
NET ASSETS		
Without donor restrictions:		
Undesignated	602,000	507,827
Invested in fixed assets without restrictions	1,892,873	1,881,019
Board designated (Note 6)	2,218,181	2,112,095
Total net assets without donor restrictions	4,713,054	4,500,941
With donor restrictions (Note 7)	1,531,927	1,928,129
Total net assets	6,244,981	6,429,070
TOTAL LIABILITIES AND NET ASSETS	**$ 7,826,498**	**$ 7,987,951**

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions	$ 980,236	$ 291,154	$ 1,271,390	$ 1,511,505
Private grants	422,250	60,000	482,250	309,804
Government grants and contracts	2,402,726	-	2,402,726	2,309,111
Investment income, net (Note 3)	103,757	-	103,757	122,207
Investment loss in Cameron Commons, LLC (Note 4)	(9,961)	-	(9,961)	(1,305)
In-kind contributions (Note 10)	142,637	-	142,637	296,678
Special event revenue	80,521	-	80,521	88,773
Other revenue	1,437	-	1,437	2,346
Net assets released from donor restrictions (Note 8)	747,356	(747,356)	-	-
Total support and revenue	4,870,959	(396,202)	4,474,757	4,639,119
EXPENSES				
Program Services:				
Domestic and Sexual Violence	1,080,396	-	1,080,396	1,078,931
Family Home	846,720	-	846,720	821,479
HomeStart	792,395	-	792,395	713,045
Services*	-	-	-	480,066
Counseling	830,363	-	830,363	624,833
Community Education	56,486	-	56,486	79,974
Total program services	3,606,360	-	3,606,360	3,798,328
Supporting Services:				
Management and General	569,995	-	569,995	440,642
Fundraising	482,491	-	482,491	560,855
Total supporting services	1,052,486	-	1,052,486	1,001,497
Total expenses	4,658,846	-	4,658,846	4,799,825
Change in net assets	212,113	(396,202)	(184,089)	(160,706)
Net assets at beginning of year	4,500,941	1,928,129	6,429,070	6,589,776
NET ASSETS AT END OF YEAR	**$ 4,713,054**	**$ 1,531,927**	**$ 6,244,981**	**$ 6,429,070**

*Services program costs were absorbed by all other programs.

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	2019			
	Program Services			
	Domestic and Sexual Violence	Family Home	HomeStart	Counseling
Salaries, taxes and benefits (Note 12)	$ 751,367	$ 566,605	$ 377,243	$ 640,384
Client assistance (Note 10)	122,593	69,989	365,511	21,451
Office occupancy expenses (Note 11)	87,641	60,486	30,388	136,831
Facilities management	46,359	61,823	-	-
Professional fees	2,545	2,658	864	1,395
Depreciation and amortization	40,844	64,889	2,189	4,479
Insurance	7,991	6,454	3,996	6,454
Membership dues and fees	3,295	223	194	446
Program performance evaluation	7,009	6,739	6,109	6,609
Staff cell phone reimbursement	3,578	1,893	2,522	3,513
Staff travel expenses	4,025	1,151	1,830	2,557
Supplies and expenses	5,046	2,614	1,352	4,173
Volunteer recruitment/retention	1,608	629	-	175
Advertising and publicity	-	-	-	315
Donor relations	-	-	-	-
Event venue expenses	-	-	-	-
Postage and shipping	-	-	-	-
Printing and graphics	-	-	-	-
Prevention and outreach supplies	170	-	55	1,183
Credit card and web fees	-	-	-	-
Meetings, food and miscellaneous	(3,675)	567	142	398
Uncollectible pledge and grant expense	-	-	-	-
Emergency contingency	-	-	-	-
Taxes	-	-	-	-
TOTAL	**$ 1,080,396**	**$ 846,720**	**$ 792,395**	**$ 830,363**

		Supporting Services				2018
Community Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
$ 44,797	$ 2,380,396	$ 440,489	$ 364,732	$ 805,221	$ 3,185,617	$ 3,108,481
-	579,544	-	-	-	579,544	667,224
7,057	322,403	20,042	19,880	39,922	362,325	359,134
-	108,182	-	-	-	108,182	104,662
199	7,661	37,281	531	37,812	45,473	71,699
276	112,677	3,247	1,595	4,842	117,519	123,725
922	25,817	2,459	2,459	4,918	30,735	32,905
400	4,558	11,209	984	12,193	16,751	14,497
51	26,517	14,703	29,758	44,461	70,978	74,946
16	11,522	333	43	376	11,898	12,234
51	9,614	973	98	1,071	10,685	12,759
322	13,507	2,347	1,832	4,179	17,686	16,086
74	2,486	182	-	182	2,668	2,891
-	315	-	13,549	13,549	13,864	19,686
-	-	-	1,735	1,735	1,735	2,460
-	-	-	25,213	25,213	25,213	20,437
751	751	850	4,759	5,609	6,360	7,227
1,251	1,251	772	19,374	20,146	21,397	24,897
-	1,408	-	-	-	1,408	787
-	-	11,828	-	11,828	11,828	14,180
319	(2,249)	2,853	857	3,710	1,461	2,826
-	-	-	(4,908)	(4,908)	(4,908)	103,465
-	-	11,040	-	11,040	11,040	-
-	-	9,387	-	9,387	9,387	2,617
$ 56,486	**$ 3,606,360**	**$ 569,995**	**$ 482,491**	**$ 1,052,486**	**$ 4,658,846**	**$ 4,799,825**

DOORWAYS FOR WOMEN AND FAMILIES, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (184,089)	$ (160,706)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	117,519	123,725
Realized loss (gain) on sales of investments	2,678	(14,709)
Unrealized gain on investments	(44,364)	(59,687)
Share of loss on investment in Cameron Commons	9,961	1,305
Change in reserve for uncollectable pledges	(22,000)	(35,320)
Change in discount on pledges receivable	(20,842)	9,841
(Increase) decrease in:		
Grants receivable	(117,657)	(106,871)
Pledges receivable	334,922	201,199
Inventory	5,599	(17,325)
Prepaid expenses	6,671	(626)
Increase (decrease) in:		
Accounts payable and accrued liabilities	26,279	(13,694)
Deposits held in escrow	(2,439)	(2,966)
Deferred rent liability	(1,204)	3,114
Net cash provided (used) by operating activities	111,034	(72,720)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(4,441)	(23,730)
Purchase of investments	(172,676)	(839,855)
Proceeds from sale of investments	159,249	593,554
Net cash used by investing activities	(17,868)	(270,031)
Net increase (decrease) in cash and cash equivalents	93,166	(342,751)
Cash and cash equivalents at beginning of year	1,604,717	1,947,468
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 1,697,883**	**$ 1,604,717**
SCHEDULE OF NONCASH INVESTING TRANSACTIONS		
Donated Securities	**$ 181,927**	**$ 277,409**

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 life-changing support services to women, men and families facing the trauma of homelessness, domestic violence, and sexual assault.

Doorways Cameron, LLC (the LLC) is a limited liability company, organized in the Commonwealth of Virginia in 2008. The primary purpose of the LLC is to invest in Cameron Commons, LLC (see Note 4).

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 FY19, our expanded programs combined to reach over 3,300 adults, youth and children. 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 two, 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 2019, the Safehouse and Safe Apartments provided emergency shelter for 70 adults and children (42 households), the Hotline provided domestic and sexual violence crisis counseling and information for 2,685 adults, youth and children, and the Court Advocacy Program assisted 140 adults and 139 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 was 46.

- In its third year, Revive Domestic and Sexual Violence Counseling Center provided counseling and safety planning for 257 adults, youth and children impacted by abuse. Of clients surveyed, 96% reported that they knew more ways to plan for their safety, and 96% 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 70 adults, youth and children (31 households) in fiscal year 2019. In recent years, the Family Home has served a high number of young families and young adults experiencing homelessness (42% of households served) and has implemented specialized programming to support their unique needs. In fiscal year 2019, nearly 81% 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 124 adults and children (45 households) in fiscal year 2019, and 94% 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 2019 our Children's Program supported 136 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 3,424 hours of client-centered services during fiscal year 2019. 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 40 full-time employees and 7 part-time employees and utilizes the expertise of 160 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, 2019.

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

Basis of consolidation (continued) -

The financial statements of the two organizations have been consolidated based on common control. All intercompany transactions have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted during the year ended June 30, 2019 and applied retrospectively.

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, 2018, 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.

Restricted cash consists of client funds in escrow. These funds are 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. Restricted cash totaled $1,166 at June 30, 2019.

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.

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

Inventory (continued) -

Inventory is measured at the lower of cost and net realizable value using the first-in, first-out method of inventory in accordance with FASB ASU 2015-11 *Simplifying the Measurement of Inventory*.

Fixed assets -

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

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income net of investment expenses provided by external investment advisors and allocated internal management costs in the accompanying Consolidated Statement of Activities and Change in Net Assets.

Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.

- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

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

Grants and contributions -

Grants and contributions are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as "without donor restrictions" 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 net assets with donor restrictions 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.

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

In-kind contributions -

In-kind contributions are recorded at their fair market value as of the date of the gift. Periodically, Doorways receives gifts of cash or other assets restricted for use to acquire or construct a long-lived asset. In accordance with *Financial Accounting Standards Board* (FASB) Accounting Standards Update (ASU) 2016-14, Doorways adopted the placed-in-service approach for reporting the expirations of donor restrictions used to acquire or construct long-lived assets.

During the year ended June 30, 2019, Doorways reclassified $125,880 of amounts from net assets with donor restrictions to net assets without donor restrictions for assets that had previously been placed in service.

Income taxes -

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

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

Uncertain tax positions -

For the year ended June 30, 2019, 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.

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

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. Expenses directly attributed to a specific functional area of Doorways are reported as direct expenses to the programmatic area. Personnel costs are allocated based on the considerations of job duties, the time devoted to those duties as well as guidance from FASB on joint costs.

Those expenses that benefit more than one function are allocated in accordance with Doorways' policies which are a combination of the basis of time and effort, joint cost guidance or pre-determined allocated rates.

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.

New accounting pronouncement not yet adopted -

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.

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

New accounting pronouncement not yet adopted (continued) -

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. Doorways has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

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.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of June 30, 2018 as unrestricted net assets in the amount of $4,500,941 are now classified as "net assets without donor restrictions". Net assets previously classified as temporarily restricted net assets in the amount of $1,928,129, are now classified as "net assets with donor restrictions".

2. PLEDGES RECEIVABLE

As of June 30, 2019, contributors to Doorways have made written promises to give totaling $1,281,218. Pledges receivable are discounted to their net present value using the effective interest rate as of the date of award. Pledges are due as follows at June 30, 2019:

Less than one year	$ 545,053
One to five years	736,165
	1,281,218
Less: Discount to present value at 5.00%	(57,462)
Less: Reserve for uncollectable pledges	(140,000)
TOTAL PLEDGES RECEIVABLE	**$ 1,083,756**

3. INVESTMENTS

Investments consisted of the following at June 30, 2019:

	Fair Value
Equities	$ 1,212,348
Fixed income	423,304
TOTAL INVESTMENTS	**$ 1,635,652**

Included in investment income are the following at June 30, 2019:

Interest and dividends	$ 72,606
Realized loss on sale of investments	(2,678)
Unrealized gain on investments	44,364
Investment fees	(10,535)
TOTAL INVESTMENT INCOME (NET)	**$ 103,757**

4. 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, 2018, Cameron Commons, LLC’s audited net operating loss totaled $26,883, of which $8,334 was allocated to Doorways Cameron, LLC; additionally, an operating loss for the period January 1, 2019 through June 30, 2019, has been estimated at $5,032 and is included in the accompanying Consolidated Statement of Activities and Change in Net Assets.

5. 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.

5. COMMUNITY DEVELOPMENT BLOCK GRANT FUND CONDITIONAL DEBT (Continued)

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.

6. BOARD DESIGNATED NET ASSETS

As of June 30, 2019, net assets have been designated by the Board of Directors for the following purposes:

Operating reserve	$ 1,358,455
Working capital	428,225
Sustainability	379,234
Building improvements	52,267
TOTAL BOARD DESIGNATED NET ASSETS	**$ 2,218,181**

- Amounts designated for Operating Reserve are intended to cover unexpected funding losses or significant catastrophes and represent approximately three months of average annualized expenses based on the fiscal period ended June 30, 2019.

- Amounts designated for Working Capital are intended to cover unexpected short-term cash flow requirements and represent approximately one month of average annualized expenses based on the fiscal period ended June 30, 2019.

- 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.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2019:

Program restricted:	
Cumulative Change in Discount	$ (24,892)
Time restricted	1,556,819
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	**$ 1,531,927**

8. NET ASSETS RELEASED FROM RESTRICTIONS

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

Program restricted:	
Domestic and Sexual Violence	$ 124,932
Philip Graham	33,334
Family Home	948
Total program restricted	159,214
Passage of time	588,142
NET ASSETS RELEASED FROM RESTRICTIONS	**$ 747,356**

9. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date comprise the following at June 30, 2019:

Cash and cash equivalents	$ 1,697,883
Investments	1,635,652
Grants receivable	389,133
Pledges receivable, current portion	545,053
Subtotal financial assets available within one year	4,267,721
Less: Restricted cash	1,166
Less: Sustainability fund	379,234
Less: Building improvements fund	52,267
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURE WITHIN ONE YEAR	**$ 3,835,054**

Doorways has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2019, Doorways has financial assets equal to approximately ten months of average total annual expenses. In addition, Doorways has a line of credit agreement (as further discussed in Note 14) which allows for additional available borrowings up to $150,000.

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, 2019:

Professional fees	$ 8,723
Gift cards	38,558
Goods and supplies	95,356
TOTAL IN-KIND CONTRIBUTIONS	**$ 142,637**

10. IN-KIND CONTRIBUTIONS (Continued)

In-kind contributions were classified in the following functional areas in the accompanying Consolidated Statement of Functional Expenses during the year ended June 30, 2019:

Domestic and Sexual Violence	$ 51,253
Family Home	55,108
HomeStart	37,613
Counseling	3,000
Community Education	199
Management and General	531
Fundraising	531
TOTAL IN-KIND CONTRIBUTIONS	**$ 148,235**

During the year ended June 30, 2019, In-kind contributions included $5,598 of gift cards received in year ended June 30, 2018 which were expensed in year ended June 30, 2019. 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 $62,962 plus a proportionate share of expenses, increasing by a factor of 2% per year.

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

As of June 30, 2019, the total deferred rent liability aggregated $19,780.

Future minimum lease payments are as follows:

Year Ending June 30	
2020	$ 272,191
2021	277,635
	$ 549,826

11. LEASE COMMITMENT (Continued)

Rent expense, including utilities and taxes for the year ended June 30, 2019, was $261,496. 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, 2019 totaled $65,409.

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 2021. 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% (6.50% as of June 30, 2019). There were no borrowings during the year or any outstanding amounts on the line of credit as of June 30, 2019.

14. FAIR VALUE MEASUREMENT

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

Investments recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

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

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

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

14. FAIR VALUE MEASUREMENT (Continued)

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, 2019.

- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Fixed 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, 2019:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Equities	$ 1,212,348	$ -	$ -	$ 1,212,348
Fixed income	-	423,304	-	423,304
TOTAL INVESTMENTS	**$ 1,212,348**	**$ 423,304**	**$ -**	**$ 1,635,652**

15. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, Doorways has evaluated events and transactions for potential recognition or disclosure through October 1, 2019, the date the consolidated financial statements were issued.