

CONSOLIDATED FINANCIAL STATEMENTS



**FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2019**

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

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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, 2020, 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 Consolidated 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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, 2020, 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' 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020, on our consideration of Doorways' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Doorways' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Doorways' internal control over financial reporting and compliance.



November 6, 2020

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

| | <u>2020</u> | <u>2019</u> |
|--|----------------------------|----------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents: | | |
| Without restriction | \$ 2,518,647 | \$ 1,696,717 |
| Restricted cash | <u>837</u> | <u>1,166</u> |
| Total cash and cash equivalents | 2,519,484 | 1,697,883 |
| Grants receivable | 159,553 | 389,133 |
| Pledges receivable, current portion (Note 2) | 469,477 | 545,053 |
| Inventory | 25,489 | 34,219 |
| Prepaid expenses | <u>33,326</u> | <u>29,908</u> |
| Total current assets | <u>3,207,329</u> | <u>2,696,196</u> |
| 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 | 107,944 | 156,638 |
| Leasehold improvements | <u>28,782</u> | <u>28,782</u> |
| | 3,221,892 | 3,270,586 |
| Less: Accumulated depreciation and amortization | <u>(1,433,591)</u> | <u>(1,377,713)</u> |
| Net fixed assets | <u>1,788,301</u> | <u>1,892,873</u> |
| NONCURRENT ASSETS | | |
| Investments (Notes 3 and 15) | 1,752,460 | 1,635,652 |
| Investment in Cameron Commons, LLC (Note 4) | 1,046,135 | 1,050,529 |
| Pledges receivable, long term, net of allowance for uncollectable accounts and discount of \$176,659 and \$197,462 in 2020 and 2019, respectively (Note 2) | 445,052 | 538,703 |
| Deposits | <u>12,545</u> | <u>12,545</u> |
| Total noncurrent assets | <u>3,256,192</u> | <u>3,237,429</u> |
| TOTAL ASSETS | <u>\$ 8,251,822</u> | <u>\$ 7,826,498</u> |

LIABILITIES AND NET ASSETS

| | <u>2020</u> | <u>2019</u> |
|--|----------------------------|----------------------------|
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 227,206 | \$ 203,076 |
| Deposits held in escrow | 837 | 1,166 |
| Current portion of deferred rent liability (Note 11) | <u>12,611</u> | <u>7,168</u> |
| Total current liabilities | <u>240,654</u> | <u>211,410</u> |
| 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) | <u>-</u> | <u>12,612</u> |
| Total long-term liabilities | <u>1,357,495</u> | <u>1,370,107</u> |
| Total liabilities | <u>1,598,149</u> | <u>1,581,517</u> |
| NET ASSETS | | |
| Without donor restrictions: | | |
| Undesignated | 1,164,600 | 602,000 |
| Invested in fixed assets without restrictions | 1,788,301 | 1,892,873 |
| Board designated (Note 6) | <u>2,303,072</u> | <u>2,218,181</u> |
| Total net assets without donor restrictions | 5,255,973 | 4,713,054 |
| With donor restrictions (Note 7) | <u>1,397,700</u> | <u>1,531,927</u> |
| Total net assets | <u>6,653,673</u> | <u>6,244,981</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 8,251,822</u> | <u>\$ 7,826,498</u> |

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

| | 2020 | | | 2019 |
|---|----------------------------------|----------------------------|----------------------------|----------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| SUPPORT AND REVENUE | | | | |
| Government grants and contracts | \$ 3,067,427 | \$ - | \$ 3,067,427 | \$ 2,402,726 |
| Contributions | 1,298,084 | 469,070 | 1,767,154 | 1,271,390 |
| Private grants | 325,357 | - | 325,357 | 482,250 |
| Investment income, net (Note 3) | 83,963 | - | 83,963 | 103,757 |
| Investment loss in Cameron Commons, LLC (Note 4) | (4,394) | - | (4,394) | (9,961) |
| In-kind contributions (Note 10) | 195,053 | - | 195,053 | 142,637 |
| Special event revenue | 18,408 | - | 18,408 | 80,521 |
| Other revenue (Note 13) | 275,970 | - | 275,970 | 1,437 |
| Net assets released from donor restrictions (Note 8) | <u>603,297</u> | <u>(603,297)</u> | <u>-</u> | <u>-</u> |
| Total support and revenue | <u>5,863,165</u> | <u>(134,227)</u> | <u>5,728,938</u> | <u>4,474,757</u> |
| EXPENSES | | | | |
| Program Services: | | | | |
| Domestic and Sexual Violence | 1,398,886 | - | 1,398,886 | 1,080,396 |
| Family Home | 900,034 | - | 900,034 | 846,720 |
| HomeStart | 873,373 | - | 873,373 | 792,395 |
| Counseling | 934,238 | - | 934,238 | 830,363 |
| Community Education | 78,315 | - | 78,315 | 56,486 |
| Prevention | <u>20,681</u> | <u>-</u> | <u>20,681</u> | <u>-</u> |
| Total program services | <u>4,205,527</u> | <u>-</u> | <u>4,205,527</u> | <u>3,606,360</u> |
| Supporting Services: | | | | |
| Management and General | 531,063 | - | 531,063 | 569,995 |
| Fundraising | <u>583,656</u> | <u>-</u> | <u>583,656</u> | <u>482,491</u> |
| Total supporting services | <u>1,114,719</u> | <u>-</u> | <u>1,114,719</u> | <u>1,052,486</u> |
| Total expenses | <u>5,320,246</u> | <u>-</u> | <u>5,320,246</u> | <u>4,658,846</u> |
| Change in net assets | 542,919 | (134,227) | 408,692 | (184,089) |
| Net assets at beginning of year | <u>4,713,054</u> | <u>1,531,927</u> | <u>6,244,981</u> | <u>6,429,070</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 5,255,973</u> | <u>\$ 1,397,700</u> | <u>\$ 6,653,673</u> | <u>\$ 6,244,981</u> |

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

| | 2020 | | | | |
|--|---|------------------------|-------------------|-------------------|--------------------------------|
| | Program Services | | | | |
| | Domestic and Sexual Violence | Family Home | HomeStart | Counseling | Community Education |
| Salaries, taxes and benefits (Note 12) | \$ 872,714 | \$ 621,850 | \$ 392,411 | \$ 724,618 | \$ 70,287 |
| Client assistance (Note 10) | 236,708 | 86,556 | 418,984 | 14,245 | - |
| Office occupancy expenses (Note 11) | 119,448 | 41,129 | 31,331 | 155,741 | 3,462 |
| Uncollectible pledge and grant expense | - | - | - | - | - |
| Facilities management | 55,185 | 61,419 | - | - | - |
| Depreciation and amortization | 38,030 | 65,407 | 2,545 | 4,577 | 209 |
| Supplies and expenses | 48,780 | 1,839 | 11,446 | 11,936 | 212 |
| Program performance evaluation | 7,940 | 7,546 | 7,145 | 7,432 | 96 |
| Professional fees | 2,277 | 1,583 | 1,044 | 1,666 | 126 |
| Insurance | 10,140 | 6,993 | 4,546 | 6,993 | 699 |
| Staff cell phone reimbursement | 5,314 | 3,154 | 2,720 | 3,628 | 72 |
| Membership dues and fees | 1,608 | 198 | - | 1,388 | - |
| Credit card and web fees | - | - | - | - | - |
| Printing and graphics | - | - | - | - | 1,121 |
| Staff travel expenses | 3,871 | 1,120 | 912 | 1,622 | 2 |
| Event venue expenses | - | - | - | - | 1,344 |
| Postage and shipping | - | - | - | - | 541 |
| Volunteer recruitment/retention | 1,470 | 959 | - | 111 | 89 |
| Prevention and outreach supplies | 463 | - | - | - | - |
| Advertising and publicity | - | - | - | - | 29 |
| Donor relations | - | - | - | - | - |
| Emergency contingency | - | - | - | - | - |
| Meetings, food and miscellaneous | (5,062) | 281 | 289 | 281 | 26 |
| Taxes (tax credits) | - | - | - | - | - |
| TOTAL | \$ 1,398,886 | \$ 900,034 | \$ 873,373 | \$ 934,238 | \$ 78,315 |

| | | | | | | | 2019 |
|------------------|------------------------------|---------------------------|-------------------|---------------------------------|---------------------|---------------------|------|
| | | Supporting Services | | | | | |
| Prevention | Total Program Services | Management and General | Fundraising | Total Supporting Services | Total Expenses | Total Expenses | |
| \$ 18,131 | \$ 2,700,011 | \$ 442,426 | \$ 367,764 | \$ 810,190 | \$ 3,510,201 | \$ 3,185,617 | |
| - | 756,493 | - | - | - | 756,493 | 579,544 | |
| 819 | 351,930 | 13,821 | 14,628 | 28,449 | 380,379 | 362,325 | |
| - | - | - | 144,841 | 144,841 | 144,841 | (4,908) | |
| - | 116,604 | - | - | - | 116,604 | 108,182 | |
| - | 110,768 | 3,581 | 1,479 | 5,060 | 115,828 | 117,519 | |
| 28 | 74,241 | 1,895 | 1,507 | 3,402 | 77,643 | 17,686 | |
| 11 | 30,170 | 11,533 | 32,628 | 44,161 | 74,331 | 70,978 | |
| 32 | 6,728 | 39,343 | 506 | 39,849 | 46,577 | 45,473 | |
| 175 | 29,546 | 2,650 | 2,797 | 5,447 | 34,993 | 30,735 | |
| 29 | 14,917 | 430 | 72 | 502 | 15,419 | 11,898 | |
| - | 3,194 | 11,050 | 1,049 | 12,099 | 15,293 | 16,751 | |
| - | - | 14,235 | - | 14,235 | 14,235 | 11,828 | |
| - | 1,121 | 35 | 7,770 | 7,805 | 8,926 | 21,397 | |
| 18 | 7,545 | 531 | 50 | 581 | 8,126 | 10,685 | |
| - | 1,344 | - | 5,376 | 5,376 | 6,720 | 25,213 | |
| - | 541 | 688 | 1,961 | 2,649 | 3,190 | 6,360 | |
| 55 | 2,684 | 194 | - | 194 | 2,878 | 2,668 | |
| 1,376 | 1,839 | - | - | - | 1,839 | 1,408 | |
| - | 29 | - | 584 | 584 | 613 | 13,864 | |
| - | - | - | 448 | 448 | 448 | 1,735 | |
| - | - | - | - | - | - | 11,040 | |
| 7 | (4,178) | 655 | 196 | 851 | (3,327) | 1,461 | |
| - | - | (12,004) | - | (12,004) | (12,004) | 9,387 | |
| \$ 20,681 | \$ 4,205,527 | \$ 531,063 | \$ 583,656 | \$ 1,114,719 | \$ 5,320,246 | \$ 4,658,846 | |

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

| | 2020 | 2019 |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 408,692 | \$ (184,089) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 115,828 | 117,519 |
| Realized loss on sales of investments | 253 | 2,678 |
| Unrealized gain on investments | (37,698) | (44,364) |
| Share of loss on investment in Cameron Commons | 4,394 | 9,961 |
| Change in reserve for uncollectible pledges | (20,000) | (22,000) |
| Change in discount on pledges receivable | (803) | (20,842) |
| Receipt of donated securities | (225,786) | (181,927) |
| Proceeds from sales of donated securities | 225,533 | 179,250 |
| Decrease (increase) in: | | |
| Grants receivable | 229,580 | (117,657) |
| Pledges receivable | 190,030 | 334,922 |
| Inventory | 8,730 | 5,599 |
| Prepaid expenses | (3,418) | 6,671 |
| Increase (decrease) in: | | |
| Accounts payable and accrued liabilities | 24,130 | 26,279 |
| Deposits held in escrow | (329) | (2,439) |
| Deferred rent liability | (7,169) | (1,204) |
| Net cash provided by operating activities | <u>911,967</u> | <u>108,357</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (11,256) | (4,441) |
| Purchase of investments | (294,896) | (169,999) |
| Proceeds from sale of investments | <u>215,786</u> | <u>159,249</u> |
| Net cash used by investing activities | <u>(90,366)</u> | <u>(15,191)</u> |
| Net increase in cash and cash equivalents | 821,601 | 93,166 |
| Cash and cash equivalents at beginning of year | <u>1,697,883</u> | <u>1,604,717</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 2,519,484 | \$ 1,697,883 |

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

For more than 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 experiencing 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 FY20, our programs combined to reach over 2,900 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 three, 2-bedroom Safe Apartments that provide emergency shelter for adults and children. 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 2020, the Safehouse and Safe Apartments provided emergency shelter for 70 adults and children (44 households), the Hotline provided crisis counseling and information to 1,316 calls, 988 of which were for domestic and sexual crisis counseling and information. The Court Advocacy Program assisted 128 adults and 129 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 39.
- In fiscal year 2020, Revive Domestic and Sexual Violence Counseling Center provided counseling and safety planning for 258 adults, youth, and children impacted by abuse. As a result of services received at Doorways, 90% of clients surveyed reported that they knew more ways to plan for their safety, and 95% reported increased understanding and knowledge of the impact of trauma and domestic violence/sexual assault.
- 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 47 adults, youth, and children (21 households) in fiscal year 2020. In recent years, the Family Home has served a high number of young families and young adults experiencing homelessness (43% of households served) and has implemented specialized programming to support their unique needs. In fiscal year 2020, nearly 74% of households exited shelter to long-term, stable housing.

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020

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

Organization (continued) -

- 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 110 adults and children (42 households) in fiscal year 2020, and 89% 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 2020 our Children's Program supported 143 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.
- In fiscal year 2020, Doorways launched our Primary Prevention Program to deliver services aimed at preventing violence before it occurs which is a vital component to the success of Doorways' overall mission.

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

Through community education efforts, volunteers received training and provided 3,268 hours of client-centered services during fiscal year 2020. Resource drives provide clients with winter coats, school supplies and other in-kind support; and awareness of domestic and sexual violence is increased through 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 130 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, 2020. 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 Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020

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

Basis of presentation (continued) -

Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor 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 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.

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, 2019, from which the summarized information was derived.

New accounting pronouncement adopted -

During 2020, Doorways adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. Doorways adopted the ASU using a modified prospective basis.

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 Financial Position. Restricted cash totaled \$837 at June 30, 2020.

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

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

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. 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) are depreciated on a straight-line basis over the estimated useful life of thirty-nine years. 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 ten 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 as incurred. Depreciation and amortization expense for the year ended June 30, 2020 totaled \$115,828.

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.

Grants, contracts and contributions -

Doorways' contributions as well as contracts and grants from the U.S. and State and Local governments, and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received.

Doorways performs an analysis of the individual contribution, grant and contract to determine if the revenue streams follow the contribution rules, or if they are considered exchange transactions, depending on whether the transaction is reciprocal or nonreciprocal. For contributions, grants and contracts qualifying under the contribution rule, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, grants and contracts qualifying as contributions that are unconditional and have 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.

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020

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

Grants, contracts and contributions (continued) -

Such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Grant and contract agreements qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants and contract awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and are classified as conditional; accordingly, they are recognized as contributions when the revenue becomes unconditional. Typically these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, Doorways recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. Doorways had approximately \$1,183,653 in unrecognized conditional awards as of June 30, 2020.

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.

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, 2020, 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.

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020

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 or joint cost guidance.

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.

Economic Uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact Doorways's operations. The overall potential impact is unknown at this time.

New accounting pronouncements not yet adopted -

FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. During 2020, the FASB delayed the implementation date under ASU 2020-05 for an additional year. Organizations may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019 and for interim periods within annual reporting periods beginning after December 15, 2020. Early adoption is still permitted.

FASB issued ASU 2019-01, *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.

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

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

New accounting pronouncements not yet adopted (continued) -

During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

Doorways plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impact of the new standards on its accompanying consolidated financial statements.

2. PLEDGES RECEIVABLE

As of June 30, 2020, contributors to Doorways have made written promises to give totaling \$1,091,188. 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, 2020:

| | |
|--|--------------------------|
| Less than one year | \$ 469,477 |
| One to five years | <u>621,711</u> |
| | 1,091,188 |
| Less: Discount to present value at 5.00% | (56,659) |
| Less: Reserve for uncollectable pledges | <u>(120,000)</u> |
| TOTAL PLEDGES RECEIVABLE | <u>\$ 914,529</u> |

3. INVESTMENTS

Investments consisted of the following at June 30, 2020:

| | <u>Fair Value</u> |
|--------------------------|----------------------------|
| Equities | \$ 1,277,691 |
| Fixed income | <u>474,769</u> |
| TOTAL INVESTMENTS | <u>\$ 1,752,460</u> |

Included in investment income are the following at June 30, 2020:

| | |
|--------------------------------------|-------------------------|
| Interest and dividends | \$ 57,723 |
| Realized loss on sale of investments | (253) |
| Unrealized gain on investments | 37,698 |
| Investment fees | <u>(11,205)</u> |
| TOTAL INVESTMENT INCOME (NET) | <u>\$ 83,963</u> |

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.

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

4. INVESTMENT IN CAMERON COMMONS, LLC (Continued)

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, 2019, Cameron Commons, LLC's audited net operating loss totaled \$26,235, of which \$8,133 was allocated to Doorways Cameron, LLC and \$4,974 was reversed for the period January 1, 2019 through June 30, 2019 not covered by this report; additionally, an operating loss for the period January 1, 2020 through June 30, 2020, has been estimated at \$1,235 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. The funds were given as a conditional 60 year deferred-payment loan in order to redevelop the Family Home, which collateralizes the 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 60 year period has expired, the debt will be forgiven.

6. BOARD DESIGNATED NET ASSETS

As of June 30, 2020, net assets have been designated by the Board of Directors for the following purposes:

| | |
|--|----------------------------|
| Operating reserve | \$ 1,418,509 |
| Working capital | 432,429 |
| Sustainability | 399,354 |
| Building improvements | <u>52,780</u> |
| TOTAL BOARD DESIGNATED NET ASSETS | <u>\$ 2,303,072</u> |

- 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, 2020.
- 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, 2020.

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

6. BOARD DESIGNATED NET ASSETS (Continued)

- 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, 2020:

| | |
|---|----------------------------|
| Program restricted: | |
| Prevention program | \$ 245,000 |
| Cumulative Change in Discount | (24,089) |
| Time restricted | <u>1,176,789</u> |
| TOTAL NET ASSETS WITH DONOR RESTRICTIONS | <u>\$ 1,397,700</u> |

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: | |
| Prevention program | \$ 5,000 |
| Passage of time | <u>598,297</u> |
| NET ASSETS RELEASED FROM RESTRICTIONS | <u>\$ 603,297</u> |

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, 2020:

| | |
|--|----------------------------|
| Cash and cash equivalents | \$ 2,519,484 |
| Investments | 1,752,460 |
| Grants receivable | 159,553 |
| Pledges receivable | <u>914,529</u> |
| Subtotal financial assets available within one year | 5,346,026 |
| Less: Restricted cash | 837 |
| Less: Donor restricted funds | 1,397,700 |
| Less: Sustainability fund | 399,354 |
| Less: Building improvements fund | <u>52,780</u> |
| FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURE WITHIN ONE YEAR | <u>\$ 3,495,355</u> |

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

9. LIQUIDITY AND AVAILABILITY (Continued)

Doorways has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2020, Doorways has financial assets equal to approximately eight months of average total annual expenses. Doorways invests cash in excess of daily requirements in investments, which can be drawn upon for liquidity needs. Additionally, the Board may designate a portion of any operating surplus to its operating reserve and working capital (further discussed in Note 6) and due to the nature of designations, are considered a part of financial assets available to meet cash needs for general expenditure within one year. In the event of an unanticipated liquidity need, 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, 2020:

| | |
|------------------------------------|--------------------------|
| Professional fees | \$ 7,707 |
| Gift cards | 31,630 |
| Goods and supplies | <u>155,716</u> |
| TOTAL IN-KIND CONTRIBUTIONS | <u>\$ 195,053</u> |

In-kind contributions were classified in the following functional areas in the accompanying Consolidated Statement of Functional Expenses during the year ended June 30, 2020:

| | |
|------------------------------------|--------------------------|
| Domestic and Sexual Violence | \$ 78,015 |
| Family Home | 72,152 |
| HomeStart | 49,296 |
| Counseling | 3,181 |
| Prevention | 33 |
| Community Education | 126 |
| Management and General | 474 |
| Fundraising | <u>506</u> |
| TOTAL IN-KIND CONTRIBUTIONS | <u>\$ 203,783</u> |

During the year ended June 30, 2020, In-kind contributions included \$8,730 of gift cards received prior to June 30, 2019 which were expensed during the year ended June 30, 2020. 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. CONTINGENCY

Doorways receives grants from various agencies of the United States Government. Beginning for fiscal year ended December 31, 2015, such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

11. CONTINGENCY (Continued)

The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. An audit in accordance with the applicable provisions has been completed for the fiscal year 2020. Until the audit has been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from the audit.

12. LEASE COMMITMENT

During 2011, Doorways entered into a lease for office space under a seven year agreement, expiring May 31, 2018. Base rent is \$150,535 per year, plus a proportionate share of expenses, increasing by a factor of 3% per year. The first three months of rent were abated.

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 and extend its term to December 31, 2021. 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, 2020, the total deferred rent liability aggregated \$12,611.

Future minimum lease payments are as follows:

Year Ending June 30,

| | |
|------|--------------------------|
| 2021 | \$ 277,635 |
| 2022 | <u>141,594</u> |
| | <u>\$ 419,229</u> |

Rent expense, including utilities and taxes for the year ended June 30, 2020, was \$265,057. Rent expense is included in office occupancy expenses in the accompanying Consolidated Statement of Functional Expenses.

13. PENSION PLAN

Doorways has established a 403(b) plan for its employees. Eligible employees must be employed for at least one year and complete 1,040 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, 2020 totaled \$59,546.

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020

14. FUNDING FROM THE PAYCHECK PROTECTION PROGRAM

On April 14, 2020, Doorways received loan proceeds in the amount of \$273,628 under the Paycheck Protection Program (PPP). Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note must be used for certain expenditures within a 24-week period to ultimately be forgiven by the Small Business Administration.

During the year ended June 30, 2020, Doorways expended and tracked the PPP funds for purposes outlined in the CARES Act guidance and believes they have met all conditions set forth for full forgiveness. Accordingly, under guidance found in FASB ASC 958-605, Doorways has recognized the PPP funding as a conditional grant by which all conditions have been met. Doorways has deemed the forgiveness by the SBA to be highly probable, and an administrative task only, but not a barrier to recognition. The \$273,628 of grant income is included in other revenue on the accompanying Statement of Activities and Changes in Net Assets.

Subsequent to year-end, on November 2, 2020, Doorways received full forgiveness of the loan by the SBA. There are no further requirements regarding this funding.

15. 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% (4.50% as of June 30, 2020). There were no borrowings during the year or any outstanding amount on the line of credit as of June 30, 2020.

16. 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.

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

16. FAIR VALUE MEASUREMENT (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. There have been no transfers between levels or changes in the methodologies used at June 30, 2020.

- *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, 2020:

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------|---------------------|-------------------|----------------|---------------------|
| Asset Class: | | | | |
| Equities | \$ 1,277,691 | \$ - | \$ - | \$ 1,277,691 |
| Fixed income | - | 474,769 | - | 474,769 |
| TOTAL INVESTMENTS | \$ 1,277,691 | \$ 474,769 | \$ - | \$ 1,752,460 |

17. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, Doorways has evaluated events and transactions for potential recognition or disclosure through November 6, 2020, the date the consolidated financial statements were issued.