

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

AUDIT REPORT

**FINANCIAL AND FEDERAL AWARD
COMPLIANCE EXAMINATION**

FOR THE YEAR ENDED JUNE 30, 2020

DOORWAYS FOR WOMEN AND FAMILIES, INC.

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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

Report on the Financial Statements

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 Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Schedule of Expenditures of Federal Awards on page I-24, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

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**

ASSETS		
	<u>2020</u>	<u>2019</u>
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 are 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:

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

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.

SUPPLEMENTAL INFORMATION

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Program Title/Project Number/Subrecipient Name	CFDA Number	Pass-through Entity	Grant/Contract Number	Pass-through to Subrecipients	Federal Expenditures
Department of Justice:					
Safe Havens Supervised Visitation and Safe Exchange	16.527	Arlington County Court Services, Office of Justice Programs, Office for Violence Against Women	2017-FJ-AX-0016	\$ -	\$ 6,179
Victims of Crime Act (VOCA)	16.575		20-A3414VP18	-	1,098,754
Total Department of Justice				-	1,104,933
U. S. Department of Housing and Urban Development:					
Office of Community Planning and Development					
Continuum of Care Program	14.267	Arlington Street People's Assistance Network	VA0319L3G001802	-	11,812
Emergency Solutions	14.231	Virginia Department of Housing and Community Development, Office of Homeless and Special Needs Housing	20-VHSP-022	-	115,047
Total U. S. Department of Housing and Urban Development				-	126,859
U.S. Department of Health and Human Services:					
Family Violence Prevention and Services Act	93.671	Virginia Department of Social Services, Division of Family Services Domestic Violence Prevention and Services	CVS-19-057-A-08	-	25,000
Social Services Block Grant	93.667		CVS-19-057-A-08	-	115,000
COVID 19 - CARES Act	93.667		CVS-19-057-A-08	-	10,000
Total U.S. Department of Health and Human Services				-	150,000
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ -	\$ 1,381,792

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of Doorways under programs of the federal government for the year ended June 30, 2020. Information in the Schedule is presented in accordance with the requirements 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). The Schedule presents only a selected portion of the operations of Doorways; accordingly, it is not intended to and does not present the financial position, changes in net assets or cash flows of Doorways.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Doorways has elected to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

Note 3. Reconciliation of Federal Grants Revenue

Government grants and contracts are broken out as follows for the year ended June 30, 2020:

Total grants and contributions	\$ 3,067,427
Non-Federal grants and contributions income	<u>(1,685,635)</u>
FEDERAL GRANT REVENUE	<u>\$ 1,381,792</u>

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

1). Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting:

Unmodified

2). Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

3). Noncompliance material to financial statements noted?

Yes No

Federal Awards

4). Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

5). Type of auditor's report issued on compliance for major federal programs:

Unmodified

6). Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

7). Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
16.575	Victims of Crime Act (VOCA)

8). Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

9). Auditee qualified as a low-risk auditee?

Yes No

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section II - Financial Statement Findings

Finding: Reportable Condition #2020-001: Payroll

See Finding #2020-001 under Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a))

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a))

Finding: Reportable Condition #2020-001: Payroll

Information on the Federal Programs: All Federal Programs

Criteria: As stated in 2 CFR 200.303, the non-federal entity (i.e. the Organization) must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or in the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Additionally, 2 CFR 200.430 states that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Condition: During our test of the payroll cycle, we noted the following:

- 1 out of 40 samples had an employee salary rate that was not calculated properly resulting in an overpayment of \$1.40 per hour. This employee's payroll expenses were applied to both federal and non-federal programs.
- 1 out of 40 samples had an employee that was paid \$1,000 less during a pay period than their normal salary rate; this was not caught until after payroll was processed. This employee's payroll expenses was applied to a non-federal program.
- 7 out of 40 samples had an employee who left the project code off their timesheet; while this generally occurred when the employee booked vacation/sick/holiday pay, the allocation for charges in these situations did not appear to be consistently applied, therefore this applied to both federal and non-federal programs.
- 1 out of 40 samples had an employee's timesheet that showed 10 hours less worked than what they were paid for. This resulted in the auditor's allocation recalculation of total charges in the general ledger not agreeing and applied to both federal and non-federal programs.
- Payroll registers from February 2020 and on were not evidenced as having been reviewed until July 8, 2020, the date of audit fieldwork. This applied to both federal and non-federal programs.

Our audit procedures consisted of substantive testwork over a sample of expenditures paid during the year that were selected based on a representative sample of the population.

Context: Doorways existing controls over payroll were either inconsistently applied, failed to identify salary and timesheet documentation errors or could not provide an audit trail of the required approval process (paper or electronic).

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a)) (Continued)

Finding: Reportable Condition #2020-001: Payroll (continued)

Effect: Without the proper controls in place over payroll expenditures, Doorways could potentially misstate payroll expenses and either over- or under-charge the federal awards.

Cause: It is our understanding that some of the errors were due to general oversight of immaterial amounts and exceptions. Additionally, we also understand that due to COVID-19, the sign-off of certain payroll registers did not take place until the staff were back in the office and physically present, although an electronic approval process was not replaced during that time.

Questioned Costs: None.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that Doorways ensure payroll rates, timesheets, approvals, allocations and general documentation is reviewed in detail to prior to processing and that an audit trail is maintained for all such processes that occur (either in paper format or electronically).

Views of Responsible Officials: Although the items identified were overall immaterial, Doorways will take this opportunity to strengthen our payroll review process and enhance staff training around time sheet preparation. Doorways will adopt an electronic review practice to replace the current manual approach whereby the Director of Volunteers and HR will review the Payroll Change Report and Payroll Register by accessing the reports directly through ADP and will communicate any changes and approval to the Business and Finance Manager prior to payroll being finalized. This will allow virtual approval and correction of any inaccuracies. Doorways will enhance staff training for time sheet preparation for new and current employees to reinforce accurate time sheet completion, specifically reinforcing that project grant codes are required for all hours recorded, including for annual and sick leave.

Anticipated Completion Date: January 31, 2021

Responsible Official: Chief Financial Officer

Finding: Reportable Condition #2020-002: Suspension and Debarment

Federal Programs: All Federal Programs

Criteria: Recipients of U.S. Government funds must adhere to specific requirements on screening all potential vendors, suppliers and sub-contractors/grantees to ensure the organization is not conducting business with excluded parties (as defined by the U.S. Government); the screening must be documented in writing.

Condition: During the year under audit, Doorways did not perform the screening process for all payments made with Federal funds. Our audit procedures consisted of substantive testwork over a sample of expenditures paid during the year that were selected based on a representative sample of the population. The condition appeared to be systematic in nature.

Context: Payments were made throughout the year by Doorways without performing the screening process.

DOORWAYS FOR WOMEN AND FAMILIES, INC. AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a)) (Continued)

Finding: Reportable Condition #2020-002: Suspension and Debarment (continued)

Effect: Failure to screen potential vendors, suppliers, employees, fellows or other non-contracted federal transactions against the suspended and debarred list increases the possibility that U.S. Government funds may inadvertently be provided to individuals or organizations deemed to be excluded parties by the U.S. Government.

Cause: Doorways did not have policies and procedures in place throughout the year to perform the screening process.

Questioned Costs: None. Doorways performed a search on all vendors at the time of audit fieldwork and we were able to determine there were no suspended or debarred vendors being utilized by Doorways.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend management of Doorways develop a policy to address the screening process for all contracted and non-contracted transactions including, but not limited to, with vendors, suppliers, employees, and fellows. Furthermore, we recommend that management communicate these policies and procedures to employees of the organization, and it should stress the importance of documenting compliance with the "Suspension and Debarment" provisions. Finally, the screening of potential vendors and suppliers should be completed (and documented) prior to entering into the transactions or making payments.

Views of Responsible Officials: Upon identification of this recommendation during audit fieldwork, Doorways immediately implemented this proposal by screening all vendors and suppliers through the System for Award Management (SAM) and noted none were flagged for Suspension and Debarment. Our Procurement and Payment Policy was also updated for this new provision and distributed to all managers for implementation.

Anticipated Completion Date: August 2020

Responsible Official: Chief Financial Officer



CPAs & ADVISORS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

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

We have audited, in accordance with the 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, the financial statements of Doorways for Women and Families, Inc. (Doorways) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Doorways' basic financial statements, and have issued our report thereon dated November 6, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Doorways' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Doorways' internal control. Accordingly, we do not express an opinion on the effectiveness of Doorways' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Doorways' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2020-001 that we consider to be a significant deficiency.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Doorways' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2020-001 and 2020-002.

Doorways's Responses to Findings

Doorways' responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Doorways' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



November 6, 2020



CPAs & ADVISORS

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY TITLE 2 U.S. CODE OF FEDERAL REGULATIONS (CFR) PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited Doorways for Women and Families, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Doorways' major federal programs for the year ended June 30, 2020. Doorways' major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Doorways' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Doorways' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Doorways' compliance.

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Opinion on Each Major Federal Program

In our opinion, Doorways complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2020-001 and 2020-002. Our opinion on each major federal program is not modified with respect to these matters.

Doorways' responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Doorways' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of Doorways is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Doorways' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Doorways' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Findings 2020-001 and 2020-002, that we consider to be significant deficiencies.

Doorways' responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Doorways' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Gelman Rosenberg & Freedman

November 6, 2020