Hospital Hospitality House of Richmond, Inc. d.b.a. The Doorways

Consolidated Financial Statements

June 30, 2021 and 2020

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HOSPITAL HOSPITALITY HOUSE OF RICHMOND, INC.
D.B.A. THE DOORWAYS

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of
Hospital Hospitality House of Richmond, Inc. d.b.a. The Doorways
Richmond, Virginia

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Hospital Hospitality House of Richmond, Inc., d.b.a. The Doorways, and its subsidiary (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hospital Hospitality House of Richmond, Inc., d.b.a. The Doorways, and its subsidiary as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Keiter

September 16, 2021
Glen Allen, Virginia

HOSPITAL HOSPITALITY HOUSE OF RICHMOND, INC.
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Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021			2020		
Assets	Operating	Endowment	Total	Operating	Endowment	Total
Cash and cash equivalents	$ 1,707,705	$ -	$ 1,707,705	$ 1,761,057	$ -	$ 1,761,057
Accounts receivable	130,912	-	130,912	16,590	-	16,590
Dividends receivable	-	-	-	1,133	-	1,133
Pledges receivable, net	62,268	-	62,268	89,532	-	89,532
Prepaid expenses	14,249	-	14,249	13,511	-	13,511
Marketable securities	7,740,691	4,715,663	12,456,354	5,804,807	3,785,469	9,590,276
Property and equipment, net	5,123,730	-	5,123,730	5,369,220	-	5,369,220
Total assets	$ 14,779,555	$ 4,715,663	$ 19,495,218	$ 13,055,850	$ 3,785,469	$ 16,841,319
Liabilities and Net Assets						
Liabilities:						
Accounts payable	$ 70,601	$ -	$ 70,601	$ 129,384	$ -	$ 129,384
Accrued expenses	71,120	-	71,120	65,526	-	65,526
Deferred revenue	9,750	-	9,750	1,500	-	1,500
Deposits	2,310	-	2,310	1,440	-	1,440
Total liabilities	153,781	-	153,781	197,850	-	197,850
Net assets:						
Without donor restrictions:						
Undesignated	14,364,696	-	14,364,696	12,558,625	-	12,558,625
Board designated operating reserve	-	2,833,504	2,833,504	-	2,160,336	2,160,336
Total net assets without donor restrictions	14,364,696	2,833,504	17,198,200	12,558,625	2,160,336	14,718,961
With donor restrictions:						
Time	21,050	-	21,050	23,000	-	23,000
Purpose	41,218	-	41,218	66,532	-	66,532
Principal gifts held in perpetuity	-	1,882,159	1,882,159	-	1,625,133	1,625,133
Total net assets with donor restrictions	62,268	1,882,159	1,944,427	89,532	1,625,133	1,714,665
Total controlling interest in net assets	14,426,964	4,715,663	19,142,627	12,648,157	3,785,469	16,433,626
Non-controlling interest in net assets of consolidated subsidiary	198,810	-	198,810	209,843	-	209,843
Total net assets	14,625,774	4,715,663	19,341,437	12,858,000	3,785,469	16,643,469
Total liabilities and net assets	$ 14,779,555	$ 4,715,663	$ 19,495,218	$ 13,055,850	$ 3,785,469	$ 16,841,319

See accompanying notes to consolidated financial statements.

HOSPITAL HOSPITALITY HOUSE OF RICHMOND, INC.
D.B.A. THE DOORWAYS

Consolidated Statements of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	$ 1,016,260	$ 21,181	$ 1,037,441
Paycheck Protection Program Grant	310,900	-	310,900
Guest lodging	456,559	-	456,559
Rent	1,250,536	-	1,250,536
Special events income	38,240	-	38,240
Investment income, net of fees	159,267	-	159,267
Miscellaneous	2,333	-	2,333
Total revenue and support	3,234,095	21,181	3,255,276
Net assets released from restrictions	48,445	(48,445)	-
Appropriation of endowment income	25,623	(25,623)	-
Total released from restrictions	74,068	(74,068)	-
Expenses:			
Program services:			
House	2,506,731	-	2,506,731
Supporting services:			
Management and general	387,660	-	387,660
Fundraising	156,788	-	156,788
Total expenses	3,051,179	-	3,051,179
Change in net assets before realized and unrealized gain and non-controlling interest	256,984	(52,887)	204,097
Net realized and unrealized gain on marketable securities	2,211,223	282,649	2,493,872
Non-controlling interest	11,032	-	11,032
Change in net assets attributable to controlling interest	2,479,239	229,762	2,709,001
Controlling interest in net assets, beginning of year	14,718,961	1,714,665	16,433,626
Controlling interest in net assets, end of year	$ 17,198,200	$ 1,944,427	$ 19,142,627

See accompanying notes to consolidated financial statements.

HOSPITAL HOSPITALITY HOUSE OF RICHMOND, INC.
D.B.A. THE DOORWAYS

Consolidated Statements of Activities, Continued
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	$ 649,634	$ 25,026	$ 674,660
Paycheck Protection Program Grant	304,600	-	304,600
Guest lodging	518,158	-	518,158
Rent	1,201,733	-	1,201,733
Special events income	295,398	-	295,398
Investment income, net of fees	183,113	-	183,113
Gifts-in-kind	18,370	-	18,370
Miscellaneous	1,297	-	1,297
Total revenue and support	3,172,303	25,026	3,197,329
Net assets released from restrictions	826,077	(826,077)	-
Appropriation of endowment income	26,269	(26,269)	-
Total released from restrictions	852,346	(852,346)	-
Expenses:			
Program services:			
House	2,292,855	-	2,292,855
Supporting services:			
Management and general	409,787	-	409,787
Fundraising	285,278	-	285,278
Total expenses	2,987,920	-	2,987,920
Change in net assets before realized and unrealized gain and non-controlling interest	1,036,729	(827,320)	209,409
Net realized and unrealized gain on marketable securities	115,664	35,578	151,242
Non-controlling interest	11,032	-	11,032
Change in net assets attributable to controlling interest	1,163,425	(791,742)	371,683
Controlling interest in net assets, beginning of year	13,555,536	2,506,407	16,061,943
Controlling interest in net assets, end of year	$ 14,718,961	$ 1,714,665	$ 16,433,626

See accompanying notes to consolidated financial statements.

HOSPITAL HOSPITALITY HOUSE OF RICHMOND, INC.
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Consolidated Statements of Functional Expenses
Year Ended June 30, 2021

	Program Services	Supporting Services		
	House	Management and General	Fundraising	Total
Community awareness	$ 8,674	$ -	$ -	$ 8,674
Insurance	36,220	3,933	-	40,153
Laundry	20,980	-	-	20,980
Marketing	23,650	19,893	-	43,543
Miscellaneous	32,998	1,388	-	34,386
Office expense	5,516	-	-	5,516
Postage	-	2,107	-	2,107
Printing and publications	-	2,760	8,038	10,798
Professional fees	79,669	17,600	-	97,269
Professional fees facility	6,854	-	-	6,854
Property taxes	5,837	-	-	5,837
Repairs and maintenance	564,924	-	-	564,924
Salaries and benefits	1,230,796	321,629	136,803	1,689,228
Special events	-	-	11,947	11,947
Staff development	6,715	4,089	-	10,804
Supplies	37,765	950	-	38,715
System support	22,334	4,148	-	26,482
Telephone and communication	13,725	39	-	13,764
Utilities	109,491	1,730	-	111,221
Waste disposal	12,798	-	-	12,798
	2,218,946	380,266	156,788	2,756,000
Depreciation	287,785	7,394	-	295,179
	$ 2,506,731	$ 387,660	$ 156,788	$ 3,051,179

See accompanying notes to consolidated financial statements.

HOSPITAL HOSPITALITY HOUSE OF RICHMOND, INC.
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Consolidated Statements of Functional Expenses, Continued
Year Ended June 30, 2020

	Program Services	Supporting Services		
	House	Management and General	Fundraising	Total
Community awareness	$ 9,885	$ -	$ -	$ 9,885
Insurance	34,698	3,946	-	38,644
Laundry	20,303	-	-	20,303
Marketing	26,108	17,272	-	43,380
Miscellaneous	39,489	2,063	-	41,552
Office expense	5,746	-	-	5,746
Postage	-	1,810	-	1,810
Printing and publications	-	2,647	7,119	9,766
Professional fees	-	18,516	-	18,516
Property taxes	6,003	-	-	6,003
Repairs and maintenance	401,857	723	-	402,580
Salaries and benefits	1,247,441	341,528	151,927	1,740,896
Special events	-	-	126,232	126,232
Staff development	6,681	4,424	-	11,105
Supplies	39,743	1,161	-	40,904
System support	23,057	5,248	-	28,305
Telephone and communication	16,045	143	-	16,188
Utilities	122,422	1,940	-	124,362
Waste disposal	11,628	-	-	11,628
	2,011,106	401,421	285,278	2,697,805
Depreciation	281,749	8,366	-	290,115
	$ 2,292,855	$ 409,787	$ 285,278	$ 2,987,920

See accompanying notes to consolidated financial statements.

HOSPITAL HOSPITALITY HOUSE OF RICHMOND, INC.
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Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 2,709,001	$ 371,683
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	295,179	290,115
Loss on disposal of property and equipment	2,524	-
Net realized and unrealized gain on marketable securities	(2,493,872)	(151,242)
Net investment income re-invested	(157,206)	(177,292)
Donated items	-	(14,370)
Non-controlling interest	(11,032)	(11,032)
Changes in operating assets and liabilities:		
Accounts receivable	(114,322)	1,665
Dividends receivable	1,133	13,040
Pledges receivable, net	27,264	27,391
Prepaid expenses	(738)	9,655
Accounts payable	(58,783)	(23,688)
Accrued expenses	5,594	5,838
Deferred revenue	8,250	(21,380)
Deposits	870	(375)
Net cash provided by operating activities	213,862	320,008
Cash flows from investing activities:		
Purchase of marketable securities	(215,000)	-
Purchase of property and equipment	(52,214)	(1,408,102)
Net cash used in investing activities	(267,214)	(1,408,102)
Net change in cash and cash equivalents	(53,352)	(1,088,094)
Cash and cash equivalents, beginning of year	1,761,057	2,849,151
Cash and cash equivalents, end of year	$ 1,707,705	$ 1,761,057
Supplemental disclosure of non-cash activity:		
Donated property and equipment	$ -	$ 14,370
Donated non-capitalized asset	$ -	$ 4,000

See accompanying notes to consolidated financial statements.

1. Summary of Significant Accounting Policies:

Nature of Organization: Hospital Hospitality House of Richmond, Inc., d.b.a. The Doorways, and its subsidiary (collectively, the “Organization”) provides housing to families of inpatients, same-day surgery patients, and outpatients who are undergoing continuing treatment at VCU Health, Veterans Affairs Medical Center, Virginia Treatment Center for Children, Sheltering Arms Physical Rehabilitation Hospital, HealthSouth Medical Center, Children’s Hospital of Richmond at VCU, and Retreat Hospital. Public support, special events, rents, and investment income are the primary sources of revenue and support.

Basis of Accounting: The consolidated financial statements include the accounts of The Doorways and its majority-owned subsidiary, 7th & Marshall Corporation. Significant intercompany transactions and balances have been eliminated in consolidation.

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (“GAAP”) as determined by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification.

Basis of Presentation: The financial statements are presented in accordance with FASB guidance, which establishes standards for financial statements issued by nonprofit organizations. It requires that net assets and related revenue and expenses be classified in two classes of net assets – net assets without donor restrictions and net assets with donor restrictions, based upon the existence or absence of donor-imposed restrictions. A definition and description of each net asset class follows:

> Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions include the revenues and expenses of the primary operations of the Organization. Donor-restricted contributions and grants whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Bequest without donor restrictions are evaluated annually and may be board designated for long-term investment (quasi-endowment) as part of the operating reserve with the objective of setting funds aside to be drawn upon at a defined spend rate for the fund of up to 4% to support annual operating and capital needs or in the event of financial distress or immediate liquidity need.

1. Summary of Significant Accounting Policies, Continued:

Basis of Presentation, Continued:

Net assets with donor restrictions consist of net assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include donor-imposed stipulations for specific operating purposes or for the acquisition of property or equipment. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that they be maintained permanently by the Organization to use all or part of the income earned on any related investments for general or specific purposes, in accordance with the conditions of each specific donation.

Cash Equivalents: For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Pledges Receivable: Pledges receivable are recorded based on management's estimate of the amount of pledges that will actually be collected. Contributions pledged are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in assets with donor restrictions based upon the nature of the restrictions. When a restriction expires, assets with donor restrictions are reclassified to assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

The Organization uses the allowance method for estimates of uncollectible pledges and receivables. The allowance is based on historical collection rates and an analysis of individual pledges receivable. This analysis concluded that uncollectible pledges were not significant as of June 30, 2021 and June 30, 2020; accordingly, no provision was made for uncollectible amounts.

Concentration of Credit Risk: Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and unsecured pledges receivable. The Organization maintains its cash balances in financial institutions located in Richmond, Virginia. The balances in these institutions are insured by the Federal Deposit Insurance Corporation up to $250,000, and the balances periodically exceed this amount. The ability to collect pledges receivable is affected by economic conditions in the Richmond metropolitan area of Virginia, the Organization's principal service area. At June 30, 2021, approximately 91% of pledges receivable were from two donors. At June 30, 2020, approximately 78% of pledges receivable were from two donors.

1. Summary of Significant Accounting Policies, Continued:

Investments: Investments in marketable securities are carried at fair value as determined by the investment managers. Unrealized gains and losses are included in the consolidated statements of activities. Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain marketable securities and the level of uncertainty related to changes in the value of marketable securities, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported on the consolidated financial statements.

Property and Equipment: Land, buildings, furniture, fixtures and equipment are stated at cost at date of acquisition or fair market value at the date of gift. Depreciation is computed on the straight-line method over the estimated useful lives of the respective assets. The costs of major improvements are capitalized while the costs of maintenance and repairs, which do not extend or improve the life of the respective property, are expensed currently. The cost and accumulated depreciation of property are eliminated from the accounts upon disposal, and any resulting gain or loss is included in the consolidated statements of activities.

Support and Revenue Recognition: Contributions are recognized as revenue when the donor makes a promise to give to the Organization that is in substance unconditional. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions, if the restriction expires in the fiscal year in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions. Revenue consists of contributions with and without donor restrictions, guest lodging income, special events income, joint venture reimbursement of expenses (rents), and investment income. Revenue is recognized at the point in time in which the lodging is provided, the reimbursable expense is incurred or the special events occurs. Accordingly, there are no revenue contract assets or liabilities recorded at June 30, 2021 and 2020.

Non-Controlling Interest: The Organization follows FASB guidance related to non-controlling interests in consolidated financial statements. The guidance requires that a non-controlling ownership interest in subsidiaries held by parties other than the parent be clearly identified, labeled and presented in the consolidated statements of financial position within net assets, but separate from the parent's net assets. In addition, the standard requires that the amount of consolidated change in net assets attributable to the parent and the non-controlling interest be clearly identified and presented in the Organization's consolidated statements of activities.

1. Summary of Significant Accounting Policies, Continued:

Contributed Goods and Services: The value of contributed materials and the value of contributed services that either (a) created or enhanced a nonfinancial asset or (b) required specialized skills, was provided by individuals possessing those skills, and would typically need to be purchased if they had not been contributed, amounted to $0 in 2021 and $18,370 in 2020 and have been recognized in the consolidated financial statements. In addition, a number of unpaid volunteers have made significant contributions of their time in the furtherance of the Organization's programs. The value of this contributed time is not reflected in these consolidated statements because the criteria for recognition under guidance provided by FASB related to accounting for contributions received and contributions made, had not been satisfied.

Paycheck Protection Program Loan: The Organization's policy is to account for the Paycheck Protection Program ("PPP loan") in accordance with FASB ASC 958-605. Under this guidance, the PPP loan is treated as a conditional contribution under which (1) proceeds from the loan are initially recorded as a refundable advance, and (2) the refundable advance is reduced and the contribution is recognized when the conditions of release have been substantially met or explicitly waived.

Income Taxes: The Organization is a non-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not considered a private foundation.

Income Tax Uncertainties: The Organization follows FASB guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the consolidated financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Organization's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. The Organization is not currently under audit by any tax jurisdiction.

Functional Allocation of Expenses: The cost of providing various program and supporting services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated. Program service areas account for greater than 98% of the total square footage of the eight story, 112 guest room lodging facility. Following FASB guidance on management and general expense, depreciation and utilities are allocated based on square footage basis, and insurance is allocated based on a combination of square footage and type of coverage. Professional fees and repair and maintenance expenses are evaluated

1. Summary of Significant Accounting Policies, Continued:

Functional Allocation of Expenses, Continued: based on service provided and area(s) of the facility serviced. Costs related to personnel are allocated amongst functions based upon the percent of time each employee spends performing each function as defined by their position, time studies, or the population targeted and/or benefits received. Supplies and system support are allocated based on type of product, percentage of support staff utilization, service provided and/or equipment serviced. All other costs are evaluated on a per invoice basis to determine what functions have been served.

Use of Estimates: The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Future events and circumstances may alter those estimates.

Subsequent Events: Management has evaluated subsequent events through September 16, 2021, the date the consolidated financial statements were available to be issued, and has determined there are no subsequent events to be reported in the accompanying consolidated financial statements.

2. Pledges Receivable:

At June 30, 2021 and 2020, the Organization has recorded unconditional pledges receivable related to the operations of the Organization. These pledges are to be received during years subsequent to June 30, 2021 and 2020 as follows:

	2021	2020
Receivable in less than one year	$ 42,505	$ 48,150
Receivable in one to two years	20,000	41,750
	62,505	89,900
Less: Discount to net present value	(237)	(368)
Net pledges receivable	$ 62,268	$ 89,532

Unconditional promises to give are primarily from individuals and corporations located in the metropolitan Richmond area, and are reflected at the present value of estimated future cash flows using a discount rate of 1.20% for 2021 and 0.60% for 2020.

3. Marketable Securities:

Marketable securities are stated at fair market value and consist of the following:

	June 30, 2021	
	Cost	Market Value
Cash and equivalents	$ 108,956	$ 108,956
Equity securities	5,542,865	8,755,211
Fixed income securities	2,937,361	3,023,235
Liquid alternative securities	566,676	568,952
	$ 9,155,858	$ 12,456,354

	June 30, 2020	
	Cost	Market Value
Cash and equivalents	$ 377,553	$ 377,553
Equity securities	5,066,144	6,288,013
Fixed income securities	2,502,077	2,718,165
Liquid alternative securities	197,117	206,545
	$ 8,142,891	$ 9,590,276

4. Property and Equipment:

Below is a summary of property and equipment and accumulated depreciation at June 30:

	2021	2020
Property and equipment:		
Land	$ 402,998	$ 402,998
Buildings and improvements	7,962,280	7,937,189
Furniture and equipment	236,386	236,386
Software	110,944	110,944
Renovations in progress	13,755	-
	8,726,363	8,687,517
Accumulated depreciation:		
Buildings and improvements	3,336,518	3,087,366
Furniture and equipment	192,153	179,157
Software	73,962	51,774
	3,602,633	3,318,297
Property and equipment, net	$ 5,123,730	$ 5,369,220

Depreciation expense amounted to $295,179 for 2021 and $290,115 for 2020.

5. Joint Venture:

In May 1995, The Doorways entered into a joint venture, 7th & Marshall Corporation (the "Venture"), with University Health Services, Inc. ("UHS") to acquire the property and improvements located at 7th and Marshall Streets. Previously, this property was privately owned and occupied by The Doorways. As consideration for its interest in the Venture, UHS contributed $500,000 of capital that was used to pay the note payable issued at the time of the original purchase of the property.

The Doorways turned over the property at 7th and Marshall Streets to the Venture at a book value of approximately $2,400,000. The Venture agreement was renewed in 2003.

UHS reimburses The Doorways for 50% of the house expenses, which are recorded as rental income. The Venture has a six-member Board of Directors, three of whom are appointed by UHS and three of whom are appointed by The Doorways.

The agreement may be terminated by either party upon giving 36 months notice to the other party. Upon termination, purchase options at fair market value are available to either party, with UHS having a first right to purchase the property, 75.4% of which is owned by The Doorways.

6. Restrictions on Net Assets:

Assets with donor restrictions were available for the following purposes at June 30:

	2021	2020
Time restricted	$ 21,050	$ 23,000
Capital improvements	41,218	66,532
Unrealized gain for endowment	836,166	579,140
Donor restricted endowment funds - corpus	1,045,993	1,045,993
	$ 1,944,427	$ 1,714,665

Net assets with donor restrictions were released to satisfy the following restricted purposes:

	2021	2020
Released from time restrictions	$ 23,000	$ 33,150
Released from purpose restrictions (capital)	25,445	792,927
	$ 48,445	$ 826,077

7. Endowment Funds:

The Organization's endowment consists of two individually named funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that are not classified as restricted in perpetuity are only reclassified as net assets without donor restrictions when those amounts appropriated for expenditure are disbursed in accordance with donor restrictions in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Endowment Investing and Spending Policies: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment funds are invested in a manner that is intended to produce stated investment results while assuming a moderate level of investment risk. The Organization's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to earn at least 5%. Actual returns in any given year may vary from this amount.

7. Endowment Funds, Continued:

Endowment Investing and Spending Policies, Continued: To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater value on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Organization's various endowed funds for grant-making and administration. The current spending policy is to distribute the lesser of 50% of the five-year average total return or 4% of market value on the measurement date. This is consistent with the Organization's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return.

Funds with Deficits: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no deficiencies of this nature that are reported in net assets with donor restrictions as of June 30, 2021 and 2020. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law.

Endowment net asset composition by type of fund was as follows as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds:			
Original designated amount	$ 1,281,000	$ -	$ 1,281,000
Accumulated investment gain	1,552,504	-	1,552,504
Donor-restricted endowment funds:			
Original donor-restricted gift amount	-	1,045,993	1,045,993
Accumulated investment gain	-	836,166	836,166
	$ 2,833,504	$ 1,882,159	$ 4,715,663

7. Endowment Funds, Continued:

Changes in endowment net assets were as follows for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	$ 2,160,336	$ 1,625,133	$ 3,785,469
Investment gain	740,263	282,649	1,022,912
Appropriation of endowment income	(67,095)	(25,623)	(92,718)
Net assets, end of year	$ 2,833,504	$ 1,882,159	$ 4,715,663

Endowment net asset composition by type of fund was as follows as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds:			
Original designated amount	$ 1,281,000	$ -	$ 1,281,000
Accumulated investment gain	879,336	-	879,336
Donor-restricted endowment funds:			
Original donor-restricted gift amount	-	1,045,993	1,045,993
Accumulated investment gain	-	579,140	579,140
	$ 2,160,336	$ 1,625,133	$ 3,785,469

Changes in endowment net assets were as follows for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	$ 2,136,258	$ 1,615,324	$ 3,751,582
Investment gain	92,054	35,578	127,632
New gift	-	500	500
Appropriation of endowment income	(67,976)	(26,269)	(94,245)
Net assets, end of year	$ 2,160,336	$ 1,625,133	$ 3,785,469

8. Fair Value Measurements:

The Organization has adopted certain provisions of GAAP related to financial assets and liabilities and any other assets and liabilities that are carried at fair value on a recurring basis in the consolidated financial statements.

The guidance establishes a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level that is significant to the fair value measurement of the asset or liability.

Classification of assets and liabilities within the hierarchy considers the market in which the assets or liabilities are traded and the reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy are defined as follows:

Level 1 – Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.

Level 2 – Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions. The Organization did not have any assets or liabilities classified as Level 3 at June 30, 2021 and 2020.

Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets carried at fair value:

Pledges receivable, net: Valued at the original gift amount, less payments received and a discount to account for payments expected in future periods beyond one year.

Marketable securities: Valued at the closing price for identical assets in active markets.

8. Fair Value Measurements, Continued:

Assets measured at fair value on a recurring basis at June 30, 2021 include the following:

	Level 1	Level 2	Assets at Fair Value
Assets:			
Pledges receivable, net	$ -	$ 62,268	$ 62,268
Marketable securities:			
Cash and equivalents	108,956	-	108,956
Equity securities	8,755,211	-	8,755,211
Fixed income securities	3,023,235	-	3,023,235
Liquid alternative securities	568,952	-	568,952
Total assets at fair value	$ 12,456,354	$ 62,268	$ 12,518,622

Assets measured at fair value on a recurring basis at June 30, 2020 include the following:

	Level 1	Level 2	Assets at Fair Value
Assets:			
Pledges receivable, net	$ -	$ 89,532	$ 89,532
Marketable securities:			
Cash and equivalents	377,553	-	377,553
Equity securities	6,288,013	-	6,288,013
Fixed income securities	2,718,165	-	2,718,165
Liquid alternative securities	206,545	-	206,545
Total assets at fair value	$ 9,590,276	$ 89,532	$ 9,679,808

9. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date as of June 30, comprise the following:

	2021	2020
Financial assets available within one year:		
Cash and cash equivalents	$ 1,707,705	$ 1,761,057
Accounts receivable	130,912	16,590
Dividends receivable	-	1,133
Annual fund pledges receivable in one year	21,050	23,000
Marketable securities	12,456,354	9,590,276
Total	14,316,021	11,392,056
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	1,923,377	1,691,665
Net assets with board designations	2,833,504	2,160,336
Total	4,756,881	3,852,001
Financial assets available in one year for general expenditure	$ 9,559,140	$ 7,540,055

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board of Directors has approved the 2022 budget to include $364,000 in general investment appropriation in alignment with the investment spending policy.

Although the Organization does not intend to spend from board designated funds for general expenditures, these funds could be made available if necessary.

10. Retirement Plan:

The Organization adopted a 401(k) defined contribution salary deferral plan covering substantially all employees. Under the plan, the Organization makes a matching contribution in the amount of 100% of the elective contributions made by the participants up to the first 3% of compensation, and 50% of the next 2% of compensation. Retirement plan expense incurred by the Organization was $33,170 for 2021 and $34,325 for 2020.

11. Lease:

In May 2021, the Organization entered into a three year agreement for television cable. The agreement requires monthly payments totaling $895. In June 2021, the Organization entered into a five year copier lease. The agreement requires monthly payments totaling $132. Minimum future payments under non-cancellable agreements at June 30, 2021 are as follows:

Year Ending June 30:	Amount
2022	$ 12,323
2023	12,323
2024	11,428
2025	1,584
2026	1,584
	$ 39,242

12. Line of Credit:

The Organization has a $2.4 million on-demand line of credit with a floating rate of the 30-day London Interbank Offered Rate (LIBOR) plus 1.67%, subject to certain other covenants, conditions, and requirements and renewable annually. The line of credit is available to fund construction projects in advance of cash received from pledge payments related to the capital campaign. There were no borrowings on the line of credit during 2021 or 2020.

13. Paycheck Protection Program Loan:

In response to the economic instability caused by COVID-19, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was passed by Congress and signed into law by the President on March 27, 2020. The Paycheck Protection Program was a component of the CARES Act and provided for a loan ("PPP Loan") to provide a direct incentive for employers to keep their employees on the payroll. A PPP Loan is eligible for full or partial forgiveness if the funds are used for qualifying costs including payroll, rent, mortgage interest, or utilities, as further defined in the CARES Act.

During 2020 the Organization applied for and was approved for a PPP Loan in the amount of $304,600, which was funded in April 2020. The loan accrued interest at 1%, with payments required to begin six months after funding. As of June 30, 2020, the Organization had used all of the loan proceeds for qualifying costs and elected to recognize the loan forgiveness as of that date and reflect the full amount of $304,600 as Paycheck Protection Program Grant in the accompanying 2020 consolidated statement of activities. The Organization received full forgiveness of the loan in 2021.

13. Paycheck Protection Program Loan, Continued:

During 2021, the Organization applied for and was approved for a second PPP Loan in the amount of $310,900, which was funded in February 2021. The loan accrued interest at 1%, with payments required to begin six months after funding. As of June 30, 2021, the Organization had used all of the loan proceeds for qualifying costs and received full forgiveness of the loan. Based on its facts and circumstances, the Organization elected to reflect the full amount of $310,900 as Paycheck Protection Program Grant in the accompanying 2021 consolidated statement of activities.

14. Sublease Agreement:

In June 2021, The Doorways signed a negotiable sublease agreement with VCU Health System Authority to be a subtenant at a planned building development at 500 North 10th Street in Richmond, Virginia. The premises are estimated to be completed in December 2024, at which time the proposed sublease would commence for an initial term of 25 years.

15. Commitments and Contingencies:

From time to time, the Organization may be involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's financial position, results of operations, or cash flows.

16. Risk and Uncertainties:

In March 2020, COVID-19 was declared a worldwide health pandemic and has had a significant impact on the national and global economy. As a result, the Organization saw a reduction in the number of guests and postponed or cancelled fundraising events during the years ended June 30, 2021 and June 30, 2020. Management implemented certain cost-cutting techniques and obtained two Paycheck Program Protection Loans (see Note 13). As of the date of issuance, activity at the Organization has begun returning to prior levels. The ultimate impact of COVID-19 on the Organization's future financial state is unknown at this time.

17. Accounting Standards Update:

In February 2016, the FASB issued a new accounting standard for leases that will impact both lessees and lessors. The new lease standard will require leases with terms more than 12 months to be recognized on the statement of financial position of lessees by recording a right of use asset with a corresponding obligation to pay rent liability which will be calculated based on the net present value of rental payments. ASU 2020-05 also allows deferral of this adoption to periods beginning after December 15, 2021. The new standard will require entities to use a modified retrospective approach to the earliest period presented. The Organization is currently evaluating the reporting and economic implications of the new standard.

17. Accounting Standards Update, Continued:

In September 2020, the FASB issued new guidance related to contributions of non-financial assets received (ASU 2020-07) which amends previous guidance concerning presentation and disclosure of non-financial assets received. Specifically, the amendments require (1) presentation as a separate line item of contributed non-financial assets and (2) disclosure of information about each category of non-financial assets. The new standard will be effective for periods beginning after June 15, 2021 and will require entities to use a retrospective approach to the earliest period presented. The Organization is currently evaluating the reporting and economic implications of the new standard.