



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

Combined Financial Statements

June 30, 2026 and 2025



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

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying combined financial statements of Hospital Hospitality House of Richmond, Inc., d.b.a. The Doorways, and 7th & Marshall Corporation (collectively, the "Organization"), which comprise the combined statements of financial position as of June 30, 2026 and 2025, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined 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 7th & Marshall Corporation as of June 30, 2026 and 2025, 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 of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



September 10, 2026
Glen Allen, Virginia

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

Combined Statements of Financial Position
June 30, 2026 and 2025

<u>Assets</u>	2026			2025		
	<u>Operating</u>	<u>Endowment</u>	<u>Total</u>	<u>Operating</u>	<u>Endowment</u>	<u>Total</u>
Cash and cash equivalents	\$ 580,916	\$ -	\$ 580,916	\$ 557,717	\$ -	\$ 557,717
Accounts receivable	187,477	-	187,477	126,286	-	126,286
Pledges receivable	154,399	-	154,399	105,000	-	105,000
Prepaid expenses	7,871	-	7,871	77,238	-	77,238
Marketable securities	14,542,531	5,651,880	20,194,411	12,087,043	5,070,614	17,157,657
Property and equipment, net	<u>6,072,996</u>	<u>-</u>	<u>6,072,996</u>	<u>5,625,601</u>	<u>-</u>	<u>5,625,601</u>
Total assets	<u>\$ 21,546,190</u>	<u>\$ 5,651,880</u>	<u>\$ 27,198,070</u>	<u>\$ 18,578,885</u>	<u>\$ 5,070,614</u>	<u>\$ 23,649,499</u>
<u>Liabilities and Net Assets</u>						
Liabilities:						
Accounts payable	\$ 109,077	\$ -	\$ 109,077	\$ 72,055	\$ -	\$ 72,055
Accrued expenses	165,650	-	165,650	141,129	-	141,129
Deposits	<u>1,800</u>	<u>-</u>	<u>1,800</u>	<u>2,010</u>	<u>-</u>	<u>2,010</u>
Total liabilities	<u>276,527</u>	<u>-</u>	<u>276,527</u>	<u>215,194</u>	<u>-</u>	<u>215,194</u>
Net assets:						
Without donor restrictions:						
Undesignated	21,115,264	-	21,115,264	18,218,691	-	18,218,691
Board designated operating reserve	<u>-</u>	<u>3,529,316</u>	<u>3,529,316</u>	<u>-</u>	<u>3,079,865</u>	<u>3,079,865</u>
Total net assets without donor restrictions	<u>21,115,264</u>	<u>3,529,316</u>	<u>24,644,580</u>	<u>18,218,691</u>	<u>3,079,865</u>	<u>21,298,556</u>
With donor restrictions:						
Time	154,399	-	154,399	105,000	-	105,000
Purpose	-	-	-	40,000	-	40,000
Principal gifts held in perpetuity	<u>-</u>	<u>2,122,564</u>	<u>2,122,564</u>	<u>-</u>	<u>1,990,749</u>	<u>1,990,749</u>
Total net assets with donor restrictions	<u>154,399</u>	<u>2,122,564</u>	<u>2,276,963</u>	<u>145,000</u>	<u>1,990,749</u>	<u>2,135,749</u>
Total net assets	<u>21,269,663</u>	<u>5,651,880</u>	<u>26,921,543</u>	<u>18,363,691</u>	<u>5,070,614</u>	<u>23,434,305</u>
Total liabilities and net assets	<u>\$ 21,546,190</u>	<u>\$ 5,651,880</u>	<u>\$ 27,198,070</u>	<u>\$ 18,578,885</u>	<u>\$ 5,070,614</u>	<u>\$ 23,649,499</u>

See accompanying notes to combined financial statements.

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

Combined Statements of Activities
Year Ended June 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 1,765,103	\$ 155,399	\$ 1,920,502
Guest lodging	744,809	-	744,809
Rent	2,030,091	-	2,030,091
Special events income	430,127	-	430,127
Investment income, net of fees	469,091	-	469,091
Miscellaneous	5,688	-	5,688
Total revenue and support	<u>5,444,909</u>	<u>155,399</u>	<u>5,600,308</u>
Net assets released from restrictions	145,000	(145,000)	-
Appropriation of endowment income	43,182	(43,182)	-
Total released from restrictions	<u>188,182</u>	<u>(188,182)</u>	<u>-</u>
Expenses:			
Program services:			
House	3,338,946	-	3,338,946
Supporting services:			
Management and general	633,140	-	633,140
Fundraising	371,630	-	371,630
Total expenses	<u>4,343,716</u>	<u>-</u>	<u>4,343,716</u>
Change in net assets before realized and unrealized gain	1,289,375	(32,783)	1,256,592
Net realized and unrealized gain on marketable securities	<u>2,056,649</u>	<u>173,997</u>	<u>2,230,646</u>
Change in net assets	3,346,024	141,214	3,487,238
Net assets, beginning of year	<u>21,298,556</u>	<u>2,135,749</u>	<u>23,434,305</u>
Net assets, end of year	<u>\$ 24,644,580</u>	<u>\$ 2,276,963</u>	<u>\$ 26,921,543</u>

See accompanying notes to combined financial statements.

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

Combined Statements of Activities, Continued
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	\$ 1,330,375	\$ 146,000	\$ 1,476,375
Guest lodging	609,502	-	609,502
Rent	2,015,507	-	2,015,507
Special events income	423,280	-	423,280
Investment income, net of fees	418,571	-	418,571
Miscellaneous	95,974	-	95,974
Total revenue and support	<u>4,893,209</u>	<u>146,000</u>	<u>5,039,209</u>
Net assets released from restrictions	149,882	(149,882)	-
Appropriation of endowment income	<u>33,558</u>	<u>(33,558)</u>	<u>-</u>
Total released from restrictions	<u>183,440</u>	<u>(183,440)</u>	<u>-</u>
Expenses:			
Program services:			
House	3,035,327	-	3,035,327
Supporting services:			
Management and general	588,739	-	588,739
Fundraising	<u>351,663</u>	<u>-</u>	<u>351,663</u>
Total expenses	<u>3,975,729</u>	<u>-</u>	<u>3,975,729</u>
Change in net assets before realized and unrealized gain	1,100,920	(37,440)	1,063,480
Net realized and unrealized gain on marketable securities	<u>1,156,059</u>	<u>124,066</u>	<u>1,280,125</u>
Change in net assets	2,256,979	86,626	2,343,605
Net assets, beginning of year	<u>19,041,577</u>	<u>2,049,123</u>	<u>21,090,700</u>
Net assets, end of year	<u>\$ 21,298,556</u>	<u>\$ 2,135,749</u>	<u>\$ 23,434,305</u>

See accompanying notes to combined financial statements.

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

Combined Statements of Functional Expenses
Year Ended June 30, 2026

	Program Services	Supporting Services		
		Management and General	Fundraising	Total
	House			
Community awareness	\$ 10,194	\$ -	\$ -	\$ 10,194
Insurance	52,507	4,501	-	57,008
Laundry	64,941	-	-	64,941
Marketing	76,123	66,094	15,476	157,693
Miscellaneous	39,793	815	-	40,608
Office expense	6,944	-	-	6,944
Postage	-	2,715	-	2,715
Printing and publications	-	3,169	6,533	9,702
Professional fees	25,350	30,056	-	55,406
Property taxes	6,998	-	-	6,998
Repairs and maintenance	447,482	-	-	447,482
Salaries and benefits	2,000,623	504,121	181,229	2,685,973
Special events	-	-	168,392	168,392
Staff development	28,794	4,976	-	33,770
Supplies	54,502	1,083	-	55,585
System support	69,581	8,260	-	77,841
Telephone and communication	24,285	85	-	24,370
Utilities	177,616	3,065	-	180,681
Waste disposal	11,821	-	-	11,821
	<u>3,097,554</u>	<u>628,940</u>	<u>371,630</u>	<u>4,098,124</u>
Depreciation	<u>241,392</u>	<u>4,200</u>	<u>-</u>	<u>245,592</u>
	<u>\$ 3,338,946</u>	<u>\$ 633,140</u>	<u>\$ 371,630</u>	<u>\$ 4,343,716</u>

See accompanying notes to combined financial statements.

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

Combined Statements of Functional Expenses, Continued
Year Ended June 30, 2025

	Program Services	Supporting Services		
		Management and General	Fundraising	Total
	House			
Community awareness	\$ 13,611	\$ -	\$ -	\$ 13,611
Insurance	47,387	4,386	-	51,773
Laundry	51,112	-	-	51,112
Marketing	80,889	66,170	1,585	148,644
Miscellaneous	39,898	999	-	40,897
Office expense	6,902	-	-	6,902
Postage	-	2,705	-	2,705
Printing and publications	-	3,165	9,926	13,091
Professional fees	25,575	28,237	-	53,812
Property taxes	7,175	-	-	7,175
Repairs and maintenance	428,662	-	-	428,662
Salaries and benefits	1,845,062	460,000	176,418	2,481,480
Special events	-	-	163,734	163,734
Staff development	14,164	6,638	-	20,802
Supplies	50,050	1,354	-	51,404
System support	39,090	7,700	-	46,790
Telephone and communication	20,910	85	-	20,995
Utilities	139,172	2,300	-	141,472
Waste disposal	14,890	-	-	14,890
	2,824,549	583,739	351,663	3,759,951
Depreciation	210,778	5,000	-	215,778
	<u>\$ 3,035,327</u>	<u>\$ 588,739</u>	<u>\$ 351,663</u>	<u>\$ 3,975,729</u>

See accompanying notes to combined financial statements.

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

Combined Statements of Cash Flows
Years Ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,487,238	\$ 2,343,605
Adjustments to reconcile change in net assets to net cash from operating activities:		
Noncash contributions	(11,000)	-
Depreciation	245,592	215,778
Net realized and unrealized gain on marketable securities	(2,230,646)	(1,280,125)
Net investment income re-invested	(462,678)	(401,269)
Changes in operating assets and liabilities:		
Accounts receivable	(61,191)	568,596
Pledges receivable	(49,399)	44,882
Prepaid expenses	69,367	(66,801)
Accounts payable	37,022	(60,900)
Accrued expenses	24,521	35,405
Deposits	(210)	450
Net cash provided by operating activities	<u>1,048,616</u>	<u>1,399,621</u>
Cash flows from investing activities:		
Purchase of marketable securities	(973,045)	(644,062)
Sale of marketable securities	629,615	-
Purchase of property and equipment	<u>(681,987)</u>	<u>(938,370)</u>
Net cash used in investing activities	<u>(1,025,417)</u>	<u>(1,582,432)</u>
Net change in cash and cash equivalents	23,199	(182,811)
Cash and cash equivalents, beginning of year	<u>557,717</u>	<u>740,528</u>
Cash and cash equivalents, end of year	<u>\$ 580,916</u>	<u>\$ 557,717</u>
Supplemental disclosure of non-cash activity:		
Contributed property and equipment	<u>\$ 11,000</u>	<u>\$ -</u>

See accompanying notes to combined financial statements.

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

Notes to Combined Financial Statements

1. Summary of Significant Accounting Policies:

Nature of Organization: Hospital Hospitality House of Richmond, Inc., d.b.a. The Doorways, and 7th and Marshall Corporation (collectively, the “Organization”) provides housing to families of inpatients, same-day surgery patients, and outpatients who are undergoing continuing treatment at VCU Health, The Richmond VA Medical Center, Sheltering Arms Physical Rehabilitation Hospital (a collaboration with VCU Health), Children’s Hospital of Richmond at VCU, and the Coleman Institute. Public support, special events, referral partner support, rents, and investment income are the primary sources of revenue and support.

Basis of Accounting: The combined financial statements include the accounts of The Doorways and 7th & Marshall Corporation (see Note 5). Significant intercompany transactions and balances have been eliminated in the combined financial statements.

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 of America (“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 - 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. Bequests 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.

Net assets with donor restrictions - 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 combined 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.

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

Notes to Combined Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

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.

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, 2026 and June 30, 2025; 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. To reduce the exposure to uninsured balances, the Organization has opened an Insured Cash Sweep account.

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, 2026, approximately 94% of pledges receivable were from three donors. At June 30, 2025, approximately 95% of pledges receivable were from three donors.

Investments: Investments in marketable securities are carried at fair value as determined by the investment managers. Unrealized gains and losses are included in the combined 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 combined financial statements.

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

Notes to Combined Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

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 combined 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 event occurs. Accordingly, there are no revenue contract assets or liabilities recorded at June 30, 2026 and 2025 or July 1, 2024.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. As of June 30, 2025, the Organization had a conditional pledge of \$50,000 to be received in two installments of \$25,000, subject to annual approval of the donor as a condition. Management was uncertain as to the annual approval of this pledge, and in accordance with GAAP, this pledge was not initially recorded in the combined financial statements. During 2026, the remaining balance was approved and recorded as contributions in the 2026 statement of activities. There were no further conditional pledges as of June 30, 2026.

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

Notes to Combined Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Contributed Goods and Services: The Organization recognizes in its combined financial statements 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. During 2026, the Organization received a donated vehicle valued at \$11,000, which was recorded as a contribution without donor restrictions and an addition to property and equipment. The vehicle was valued by the donor using prevailing market rates for used vehicles. During 2025, the value of contributed goods and services meeting this recognition criteria was insignificant to the combined 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 combined statements because the criteria for recognition under guidance provided by FASB related to accounting for contributions received and contributions made, had not been satisfied.

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 combined 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 combined financial statements to comply with the provisions of this guidance. The Organization is not currently under audit by any tax jurisdiction.

Advertising Expenses: The Organization expenses advertising costs as they are incurred. Advertising expense amounted to \$82,321 for 2026 and \$88,337 for 2025.

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

Notes to Combined Financial Statements, Continued

1. Summary of Significant Accounting Policies, Continued:

Functional Allocation of Expenses: The cost of providing various program and supporting services have been summarized on a functional basis in the combined statements of activities. The combined 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, 117 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 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 combined 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 combined 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 10, 2026, the date the combined financial statements were available to be issued, and has determined there are no subsequent events to be reported in the accompanying combined financial statements.

2. Pledges Receivable:

At June 30, 2026 and 2025, the Organization has recorded unconditional pledges receivable related to the operations of the Organization.

Unconditional promises to give are primarily from individuals and corporations located in the metropolitan Richmond area. As of June 30, 2026 and 2025, all pledges receivable were expected to be received within one year. Accordingly, there was no discount for 2026 or 2025.

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

Notes to Combined Financial Statements, Continued

3. Marketable Securities:

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

	June 30, 2026	
	Cost	Market Value
Cash and equivalents	\$ 1,787,399	\$ 1,787,399
Equity securities	6,790,561	13,129,750
Fixed income securities	5,299,020	5,277,262
	<u>\$ 13,876,980</u>	<u>\$ 20,194,411</u>

	June 30, 2025	
	Cost	Market Value
Cash and equivalents	\$ 1,859,551	\$ 1,859,551
Equity securities	5,415,657	9,960,182
Fixed income securities	4,931,362	4,961,797
Liquid alternative securities	309,532	376,127
	<u>\$ 12,516,102</u>	<u>\$ 17,157,657</u>

4. Property and Equipment:

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

	2026	2025
Property and equipment:		
Land	\$ 402,998	\$ 402,998
Buildings and improvements	9,903,111	8,028,020
Furniture and equipment	152,414	152,414
Vehicles	11,000	-
Renovations in progress	-	1,206,507
	<u>10,469,523</u>	<u>9,789,939</u>
Accumulated depreciation:		
Buildings and improvements	4,250,268	4,028,281
Furniture and equipment	146,076	136,057
Vehicles	183	-
	<u>4,396,527</u>	<u>4,164,338</u>
Property and equipment, net	<u>\$ 6,072,996</u>	<u>\$ 5,625,601</u>

Depreciation expense amounted to \$245,592 for 2026 and \$215,778 for 2025.

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

Notes to Combined Financial Statements, Continued

5. Joint Venture:

In May 1995, The Doorways, in connection with the creation of 7th & Marshall Corporation ("SMC"), entered into a Joint Venture Agreement (the "Venture") with University Health Services, Inc. ("UHS") for SMC to hold the property and improvements located at 7th and Marshall Streets (the "Property"). Previously, the Property was privately owned and operated by The Doorways. SMC is organized as 501(c)(3) organization and exists solely to hold the Property. SMC has a six-member Board of Directors, three of whom are appointed by UHS and three of whom are appointed by The Doorways.

As consideration for its interest in the Venture, UHS contributed \$500,000 to SMC that was used to pay the note payable issued at the time of the original purchase of the Property. As consideration for its interest in the Venture, The Doorways contributed the Property to SMC at a book value of approximately \$2,400,000. The Venture agreement was last renewed in 2003.

In connection with the establishment of the Venture, The Doorways and SMC entered into a Management Agreement which states that The Doorways will serve as the managing agent and general manager of the Property, in line with its mission. UHS reimburses The Doorways for a portion of the Property's program and capital expenses, which are recorded as rental income.

The Venture 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.

The economic interest in SMC is adjusted annually based on the current book value of the property to retain alignment with the pro rata economic interest allocation established on the date of the original contributions to the Property. The economic interest between The Doorways and UHS is as follows at June 30:

	2026		2025	
	Amount	Percentage	Amount	Percentage
The Doorways	\$ 546,443	79.2%	\$ 588,411	79.2%
University Health Services	143,648	20.8%	154,680	20.8%
Total	<u>\$ 690,091</u>		<u>\$ 743,091</u>	

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

Notes to Combined Financial Statements, Continued

6. Restrictions on Net Assets:

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

	2026	2025
Time restricted	\$ 154,399	\$ 105,000
Capital improvements	-	40,000
Unrealized gain for endowment	1,071,571	940,756
Donor restricted endowment funds - corpus	<u>1,050,993</u>	<u>1,049,993</u>
	<u>\$ 2,276,963</u>	<u>\$ 2,135,749</u>

Net assets with donor restrictions were released for the following purposes during the years ended June 30:

	2026	2025
Released from time restrictions	\$ 105,000	\$ 149,882
Released from purpose restrictions (capital)	<u>40,000</u>	<u>-</u>
	<u>\$ 145,000</u>	<u>\$ 149,882</u>

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 portions of the donor-restricted endowment funds 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.

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

Notes to Combined Financial Statements, Continued

7. Endowment Funds, Continued:

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.

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, 2026 and 2025. The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law.

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

Notes to Combined Financial Statements, Continued

7. Endowment Funds, Continued:

Endowment net asset composition by type of fund was as follows as of June 30, 2026:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds:			
Original designated amount	\$ 1,281,000	\$ -	\$ 1,281,000
Accumulated investment gain	2,248,316	-	2,248,316
Donor-restricted endowment funds:			
Original donor-restricted gift amount	-	1,050,993	1,050,993
Accumulated investment gain	-	1,071,571	1,071,571
	<u>\$ 3,529,316</u>	<u>\$ 2,122,564</u>	<u>\$ 5,651,880</u>

Changes in endowment net assets were as follows for the year ended June 30, 2026:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	\$ 3,079,865	\$ 1,990,749	\$ 5,070,614
Investment gain	597,855	173,997	771,852
New gifts	-	1,000	1,000
Appropriation of endowment income	(148,404)	(43,182)	(191,586)
Net assets, end of year	<u>\$ 3,529,316</u>	<u>\$ 2,122,564</u>	<u>\$ 5,651,880</u>

Endowment net asset composition by type of fund was as follows as of June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds:			
Original designated amount	\$ 1,281,000	\$ -	\$ 1,281,000
Accumulated investment gain	1,798,865	-	1,798,865
Donor-restricted endowment funds:			
Original donor-restricted gift amount	-	1,049,993	1,049,993
Accumulated investment gain	-	940,756	940,756
	<u>\$ 3,079,865</u>	<u>\$ 1,990,749</u>	<u>\$ 5,070,614</u>

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

Notes to Combined Financial Statements, Continued

7. Endowment Funds, Continued:

Changes in endowment net assets were as follows for the year ended June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	\$ 2,768,077	\$ 1,899,241	\$ 4,667,318
Investment gain	427,430	124,066	551,496
New gift	-	1,000	1,000
Appropriation of endowment income	<u>(115,642)</u>	<u>(33,558)</u>	<u>(149,200)</u>
Net assets, end of year	<u>\$ 3,079,865</u>	<u>\$ 1,990,749</u>	<u>\$ 5,070,614</u>

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 combined 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.

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

Notes to Combined Financial Statements, Continued

8. Fair Value Measurements, Continued:

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 2 or Level 3 at June 30, 2026 and 2025.

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:

Marketable securities: Valued at the closing price of identical assets in active markets (mutual funds) or valued at the realizable cash value equivalent to the specific sum of money held in cash or money market funds (cash and equivalents).

Assets measured at fair value on a recurring basis at June 30, 2026 include the following:

	<u>Level 1</u>	<u>Assets at Fair Value</u>
Assets:		
Marketable securities:		
Cash and equivalents	\$ 1,787,399	\$ 1,787,399
Equity securities	13,129,750	13,129,750
Fixed income securities	<u>5,277,262</u>	<u>5,277,262</u>
Total assets at fair value	<u>\$ 20,194,411</u>	<u>\$ 20,194,411</u>

Assets measured at fair value on a recurring basis at June 30, 2025 include the following:

	<u>Level 1</u>	<u>at Fair Value</u>
Assets:		
Marketable securities:		
Cash and equivalents	\$ 1,859,551	\$ 1,859,551
Equity securities	9,960,182	9,960,182
Fixed income securities	4,961,797	4,961,797
Liquid alternative securities	<u>376,127</u>	<u>376,127</u>
Total assets at fair value	<u>\$ 17,157,657</u>	<u>\$ 17,157,657</u>

**HOSPITAL HOSPITALITY HOUSE OF RICHMOND, INC.
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Notes to Combined Financial Statements, Continued

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 combined statement of financial position date as of June 30, comprise the following:

	<u>2026</u>	<u>2025</u>
Financial assets available within one year:		
Cash and cash equivalents	\$ 580,916	\$ 557,717
Accounts receivable	187,477	126,286
Annual fund pledges receivable in one year	154,399	105,000
Marketable securities	<u>20,194,411</u>	<u>17,157,657</u>
 Total	 <u>21,117,203</u>	 <u>17,946,660</u>
 Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions - purpose	2,122,564	2,030,749
Net assets with board designations	<u>3,529,316</u>	<u>3,079,865</u>
 Total	 <u>5,651,880</u>	 <u>5,110,614</u>
 Financial assets available in one year for general expenditure	 <u>\$ 15,465,323</u>	 <u>\$ 12,836,046</u>

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 2027 budget to include \$412,000 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 has 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 \$77,694 for 2026 and \$66,842 for 2025.

**HOSPITAL HOSPITALITY HOUSE OF RICHMOND, INC.
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Notes to Combined Financial Statements, Continued

11. Line of Credit:

The Organization has a \$500,000 on-demand line of credit with a floating rate of the Ameribor Term-30 (AMBOR30T) 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 2026 or 2025.

12. 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.

In June 2024, the Organization entered into a renewed three year agreement for television cable. The agreement requires monthly payments totaling \$977. Future minimum payments under the agreement total \$10,755 for 2027.