

WOMEN IN NEED, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

JUNE 30, 2013 AND 2012

WOMEN IN NEED, INC.

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Independent Auditor's Report

**Board of Directors
Women In Need, Inc.**

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Women In Need, Inc., which comprise the consolidated statement of financial position as of June 30, 2013 and 2012, 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 Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Women In Need, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Loeb & Troper LLP

November 19, 2013

WOMEN IN NEED, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 7,278,696	\$ 3,911,153
Due from government agencies	4,374,380	4,202,306
Contributions receivable - due within one year	49,512	4,800
Security deposits	167,304	164,813
Other assets	747,707	595,550
Property and equipment - net	<u>2,893,484</u>	<u>3,880,751</u>
Total assets	<u>\$ 15,511,083</u>	<u>\$ 12,759,373</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 3,863,085	\$ 4,372,555
Accrued vacation payable	573,885	514,595
Advances from government agencies	523,326	477,470
Security deposits	57,672	58,578
Mortgage notes payable	<u>537,713</u>	<u>550,005</u>
Total liabilities	<u>5,555,681</u>	<u>5,973,203</u>
Net assets (Exhibit B)		
Unrestricted	9,745,948	6,621,428
Temporarily restricted	59,454	14,742
Permanently restricted	<u>150,000</u>	<u>150,000</u>
Total net assets	<u>9,955,402</u>	<u>6,786,170</u>
Total liabilities and net assets	<u>\$ 15,511,083</u>	<u>\$ 12,759,373</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

WOMEN IN NEED, INC.

EXHIBIT B

CONSOLIDATED STATEMENT OF ACTIVITIES

YEARS ENDED JUNE 30, 2013 AND 2012

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support								
Contributions								
General public	\$ 706,751			\$ 706,751	\$ 658,486			\$ 658,486
Foundations - operating support	783,350	\$ 1,130,000		1,913,350	741,650	\$ 1,228,650		1,970,300
Corporations	278,650			278,650	402,406			402,406
Donated services	525,035			525,035	574,286			574,286
Special events revenue	2,164,704	49,512		2,214,216	1,831,535	4,800		1,836,335
Government fees and grants								
City of New York	29,200,003			29,200,003	24,161,095			24,161,095
Federal government	2,359,356			2,359,356	2,411,159			2,411,159
State of New York	1,286,255			1,286,255	759,700			759,700
Medicaid	585,881			585,881	581,402			581,402
Program services	1,208,317			1,208,317	1,295,466			1,295,466
Supportive housing client rent	740,791			740,791	777,557			777,557
Miscellaneous	445,120			445,120	373,255			373,255
Net assets released from restrictions	1,134,800	(1,134,800)			1,362,800	(1,362,800)		
Total revenues, gains and other support	41,419,013	44,712		41,463,725	35,930,797	(129,350)		35,801,447
Operating expenses (Exhibit C)								
Program services								
Family shelters	28,691,576			28,691,576	24,344,808			24,344,808
Family supportive housing	4,858,763			4,858,763	4,344,554			4,344,554
Outpatient clinic services	1,128,715			1,128,715	1,182,798			1,182,798
Other client services	81,107			81,107	100,350			100,350
Total program services	34,760,161			34,760,161	29,972,510			29,972,510
Supporting services								
Management and general (includes expenses reimbursed by governmental grants of \$1,371,599 and \$1,166,392 in 2013 and 2012, respectively)	4,892,040			4,892,040	4,488,292			4,488,292
Development and communications	1,117,830			1,117,830	1,025,192			1,025,192
Direct cost of special events	355,259			355,259	285,606			285,606
Total supporting services	6,365,129			6,365,129	5,799,090			5,799,090
Total operating expenses	41,125,290			41,125,290	35,771,600			35,771,600
Change in net assets before gain on sale of building	293,723	44,712		338,435	159,197	(129,350)		29,847
Gain on sale of building	2,830,797			2,830,797				
Change in net assets (Exhibit D)	3,124,520	44,712		3,169,232	159,197	(129,350)		29,847
Net assets - beginning of year	6,621,428	14,742	\$ 150,000	6,786,170	6,462,231	144,092	\$ 150,000	6,756,323
Net assets - end of year (Exhibit A)	\$ 9,745,948	\$ 59,454	\$ 150,000	\$ 9,955,402	\$ 6,621,428	\$ 14,742	\$ 150,000	\$ 6,786,170

See independent auditor's report.

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2013 AND 2012

	2013							
	Program Services				Total	Supporting Services		
Family Shelters	Family Supportive Housing	Outpatient Clinic Services	Other Client Services	Management and General		Development and Communications	Direct Cost of Special Events	
Salaries	\$ 7,474,363	\$ 1,036,216	\$ 461,541	\$ 65,434	\$ 9,037,554	\$ 2,028,137	\$ 624,287	\$ 11,689,978
Benefits and payroll taxes	1,535,762	212,424	94,616	13,414	1,856,216	414,278	127,979	2,398,473
Total salaries, benefits and payroll taxes	9,010,125	1,248,640	556,157	78,848	10,893,770	2,442,415	752,266	14,088,451
Temporary help	370,003		496		370,499	56,827	12,958	440,284
Total salaries and related expenses	9,380,128	1,248,640	556,653	78,848	11,264,269	2,499,242	765,224	14,528,735
Occupancy	15,605,662	3,108,197	224,204		18,938,063	1,089,208	2,287	20,029,558
Supplies	1,115,814	173,999	33,022		1,322,835	173,469	67,897	1,604,543
Professional fees	150,209	107,705	47,662		305,576	191,219	203,277	700,072
Donated services						525,035		525,035
Insurance	451,291	106,383	8,640	1,233	567,547	58,404	11,056	637,007
Repairs and maintenance	1,004,864	40,377	842		1,046,083	66,098		1,112,181
Food	125,687		21,268		146,955	1,590	214	148,759
Staff/client expenses	87,188	15,993	3,507	180	106,868	141,510	6,053	254,431
Transportation	61,211	6,112	34,888	846	103,057	11,673	976	115,706
Catering costs						26,192	2,362	341,741
Other expenses	219,907	26,245	189,295		435,447	2,924	56,958	497,059
Depreciation and amortization	489,615	11,235	8,734		509,584	105,476	1,526	616,586
Interest		13,877			13,877			13,877
Total expenses (Exhibit B)	\$ 28,691,576	\$ 4,858,763	\$ 1,128,715	\$ 81,107	\$ 34,760,161	\$ 4,892,040	\$ 1,117,830	\$ 41,125,290

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CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2013 AND 2012

	2012								
	Program Services				Total	Supporting Services			Total
	Family Shelters	Family Supportive Housing	Outpatient Clinic Services	Other Client Services		Management and General	Development and Communications	Direct Cost of Special Events	
Salaries	\$ 6,642,290	\$ 1,023,794	\$ 570,647	\$ 78,707	\$ 8,315,438	\$ 1,791,656	\$ 643,874		\$ 10,750,968
Benefits and payroll taxes	1,428,102	219,752	122,682	17,281	1,787,817	205,075	138,434		2,131,326
Total salaries, benefits and payroll taxes	8,070,392	1,243,546	693,329	95,988	10,103,255	1,996,731	782,308		12,882,294
Temporary help	65,682	5,705	512		71,899	6,871	14,489		93,259
Total salaries and related expenses	8,136,074	1,249,251	693,841	95,988	10,175,154	2,003,602	796,797		12,975,553
Occupancy	13,583,089	2,769,366	206,756	318	16,559,529	1,050,446	880		17,610,855
Supplies	1,049,599	13,836	37,395		1,100,830	203,869	61,982	\$ 24,712	1,391,393
Professional fees	73,679	112,146	47,836		233,661	159,954	63,727		457,342
Donated services						574,286			574,286
Insurance	438,412	107,640	19,153	1,998	567,203	66,851	11,819		645,873
Repairs and maintenance	368,079	52,792	1,929		422,800	90,234	300		513,334
Food	106,943	60	14,862	60	121,925	1,696	179		123,800
Staff/client expenses	49,482	13,756	4,597	615	68,450	178,433	7,927		254,810
Transportation	44,341	1,586	30,473	1,221	77,621	6,957	313		84,891
Catering costs						14,869	1,270	258,164	274,303
Other expenses	132,626	897	117,020	150	250,693	6,313	79,235	2,730	338,971
Depreciation and amortization	362,484	8,817	8,936		380,237	130,782	763		511,782
Interest		14,407			14,407				14,407
Total expenses (Exhibit B)	\$ 24,344,808	\$ 4,344,554	\$ 1,182,798	\$ 100,350	\$ 29,972,510	\$ 4,488,292	\$ 1,025,192	\$ 285,606	\$ 35,771,600

See independent auditor's report.

The accompanying notes are an integral part of these statements.

WOMEN IN NEED, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 3,169,232	\$ 29,847
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Gain on sale of building	(2,830,797)	
Depreciation and amortization	616,586	511,782
Decrease (increase) in assets		
Due from government agencies	(172,074)	38,922
Contributions receivable	(44,712)	145,310
Security deposits	(2,491)	(9,208)
Other assets	(152,157)	924,272
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(509,470)	947,393
Accrued vacation payable	59,290	37,503
Advances from government agencies	45,856	194,683
Security deposits	(906)	8,271
	<u>178,357</u>	<u>2,828,775</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of property and equipment	(738,757)	(139,629)
Proceeds from sale of building	3,940,235	
	<u>3,201,478</u>	<u>(139,629)</u>
Net cash provided (used) by investing activities		
Cash flows from financing activities		
Repayment of mortgage notes	(12,292)	(11,489)
	<u>3,367,543</u>	<u>2,677,657</u>
Net change in cash and cash equivalents		
Cash and cash equivalents - beginning of year	<u>3,911,153</u>	<u>1,233,496</u>
Cash and cash equivalents - end of year	<u>\$ 7,278,696</u>	<u>\$ 3,911,153</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 13,877</u>	<u>\$ 14,407</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

WOMEN IN NEED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Nature of Organization

The accompanying audited consolidated financial statements of Women In Need, Inc. and its related enterprises (together, the "Organization") reflect the consolidated financial position, changes in net assets, functional expenses, and cash flows for the following entities:

- (a) Women In Need, Inc. ("Win"), which provides housing, help and hope to New York City women and their families who are homeless and disadvantaged through comprehensive programs such as shelter, supportive permanent housing, job training, domestic violence services, alcohol and substance abuse treatment, and child care. Win offers the tools and guidance which allow families to return to their communities and live independently.
- (b) Win Housing Development Fund Company, Inc. ("Lehman") is an entity that is wholly controlled by Win and holds title to the Shearson Lehman Family residence building located at 2248 Webster Avenue, Bronx, NY.
- (c) Win Decatur Housing Development Fund Company, Inc. ("Decatur") is an entity that is wholly controlled by Win and holds title to the Decatur Street supportive housing residence located at 455 Decatur Street, Brooklyn, NY.

Win, Lehman and Decatur are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and from state and local taxes under comparable laws.

The Organization is supported primarily by governmental grants from the City of New York.

(2) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The individual entities have governing boards with members in common and share common facilities and personnel. All significant inter-entity transactions and balances have been eliminated in consolidation.

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WOMEN IN NEED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(2) Summary of Significant Accounting Policies (continued)*****(b) Basis of Accounting***

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

(c) Functional Allocation of Expenses

The costs of providing the Organization's programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited in reasonable ratios determined by management.

(d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash invested in money market accounts, the cost of which approximates market value.

(f) Fair Value Measurements

Fair Value Measurements establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Win has the ability to access. Level 2 inputs to the valuation methodology include:

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WOMEN IN NEED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)

(2) Summary of Significant Accounting Policies (continued)

(f) Fair Value Measurements (continued)

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to 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 measured at fair value. There have been no changes in the methodologies used at June 30, 2013 as compared to those used at June 30, 2012.

Mutual funds - Valued at the net asset value ("NAV") of shares held by Win at year end.

Fixed-interest account - Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Win believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

See Note H for assets reported at fair value on a recurring basis as presented within the fair value hierarchies.

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WOMEN IN NEED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(2) Summary of Significant Accounting Policies (continued)*****(g) Accounts Receivable and Allowance for Doubtful Accounts***

Accounts receivable from government fees and grants and other sources of income are recorded when services are rendered or when qualifying expenses are incurred. The Organization determines whether an allowance for uncollectibles should be provided for accounts receivable. Such estimates are based on management's assessment of the aged basis of its sources, current economic conditions, subsequent receipts and historical information. Accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables.

(h) Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The Organization determines whether an allowance for uncollectibles should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of its contributions, current economic conditions and historical information. Contributions are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted.

(i) Property and Equipment

Property and equipment with a cost of \$1,000 and an estimated useful life of more than one year are capitalized either at their original cost or at their fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets. Buildings and building improvements are depreciated over 5 to 40 years, and furniture and fixtures and vehicles are depreciated over 4 to 5 years. Leasehold improvements are capitalized and amortized using the straight-line method over the remaining lease term, or the anticipated useful life of the improvement, whichever is shorter.

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WOMEN IN NEED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)

(2) Summary of Significant Accounting Policies (continued)

(j) Net Assets

The net assets of the Organization and changes therein are classified and reported as follows:

(i) Unrestricted

Unrestricted net assets represent those resources that are not subject to donor restrictions.

(ii) Temporarily restricted

Temporarily restricted net assets represent those resources that are subject to donor-imposed stipulations that will be met either by the actions of the Organization and/or the passage of time. Net assets released from restrictions represent the satisfaction of the restricted purposes specified by the donor.

(iii) Permanently restricted

Permanently restricted net assets have been restricted by donors to be maintained by Win in perpetuity.

(k) Revenue Recognition

Revenue from government contracts and grants is recognized when costs are incurred or other services are performed and requisitions for reimbursement are submitted.

Revenue from rental income is recognized based on leases. The future expected minimum lease receipts are as follows:

2014	\$	394,744
2015		401,250
2016		<u>197,720</u>
	\$	<u>993,714</u>

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WOMEN IN NEED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(2) Summary of Significant Accounting Policies (continued)*****(k) Revenue Recognition (continued)***

Reimbursements for program expense and overhead applicable to various programs conducted under contract with governmental agencies are based on complex laws and regulations. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs. No such fines or penalties were imposed on the Organization. The Organization is subject to audit, which may result in adjustments or disallowances. The amount of disallowance, if any, cannot be determined. Therefore, no provision is made for these potential liabilities. Management does not anticipate any material adjustments as a result of these audits.

(l) Operating Leases

Operating lease expense has been recorded on the straight-line basis over the life of the lease. Deferred rent, when material, is recorded for the difference between the fixed payment and the rent expense.

(m) Uncertainty in Income Taxes

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2010 and subsequent remain subject to examination by applicable taxing authorities.

(n) Subsequent Events

Subsequent events have been evaluated through November 19, 2013, which is the date the financial statements were available to be issued.

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WOMEN IN NEED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE B - DUE FROM GOVERNMENT AGENCIES

Amounts due to the Organization and representing a concentration from governmental agencies to be received in support of client services and under the terms of agreements signed with various federal, state and city agencies, are as follows:

	June 30	
	2013	2012
Federal	\$ 824,552	\$ 683,371
New York State	527,268	839,987
New York City	<u>3,404,560</u>	<u>2,837,948</u>
	4,756,380	4,361,306
Allowance for doubtful accounts	<u>(382,000)</u>	<u>(159,000)</u>
	<u>\$ 4,374,380</u>	<u>\$ 4,202,306</u>

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30	
	2013	2012
Land	\$ 5,000	\$ 362,000
Buildings	1,313,453	2,750,158
Building improvements	697,068	1,734,429
Leasehold improvements	3,136,667	3,134,664
Furniture and fixtures	1,823,083	1,416,669
Vehicles	<u>395,214</u>	<u>254,524</u>
	7,370,485	9,652,444
Less accumulated depreciation and amortization	<u>(4,477,001)</u>	<u>(5,771,693)</u>
	<u>\$ 2,893,484</u>	<u>\$ 3,880,751</u>

On March 21, 2013, Win sold the building located at 341 West 51st Street, which generated net proceeds of \$3,940,235 and a realized gain of \$2,830,797.

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WOMEN IN NEED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE D - MORTGAGE NOTES PAYABLE

Mortgage notes payable consist of the following:

Provider	Annual Interest Rate	Terms	Maturity Dates	June 30	
				2013	2012
Federal HOME Grants Funds*	0.0%	15 years	July 2015	\$ 165,000	\$ 165,000
New York Housing Development Corp.	7.21%	26 years	July 2026	156,104	167,543
NYC Department of Housing Preservation and Development	1.0%	30 years	July 2030	<u>216,609</u>	<u>217,462</u>
				<u>\$ 537,713</u>	<u>\$ 550,005</u>

* The Federal HOME Grants Funds loan will be forgiven on the maturity date provided that Decatur continues to comply with the purpose specified in the loan agreement.

The mortgages are secured by the underlying land and buildings. Combined payments of principal over the next five years and thereafter are as follows:

2014	\$ 13,153
2015	14,078
2016	180,070
2017	16,137
2018	17,283
Thereafter	<u>296,992</u>
	<u>\$ 537,713</u>

NOTE E - LOAN PAYABLE

The Organization obtained an unsecured line of credit from Bank of America ("Bank") up to the amount of \$2,000,000 to utilize for ongoing operations. Interest-only payments are made on the unpaid principal on the first of every month. The interest rate is calculated using the LIBOR rate plus 3.25%. The line expires on May 30, 2014. There were no balances outstanding as of June 30, 2013 and 2012.

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WOMEN IN NEED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE F - TEMPORARILY RESTRICTED NET ASSETS

At each fiscal year end, temporarily restricted net assets were available for the following purposes:

	June 30	
	2013	2012
Periods after June 30	\$ 9,942	\$ 9,698
Program expenditures*	<u>49,512</u>	<u>5,044</u>
Total temporarily restricted net assets	<u>\$ 59,454</u>	<u>\$ 14,742</u>

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the following:

	June 30	
	2013	2012
Time restrictions lapsed	\$ 4,800	\$ 74,150
Program expenditures*	<u>1,130,000</u>	<u>1,288,650</u>
Total	<u>\$ 1,134,800</u>	<u>\$ 1,362,800</u>

* Provision of housing and social services.

NOTE G - DONATED SERVICES

Contributions of services are recognized when they are received if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. During fiscal years 2013 and 2012, the value of contributed legal services recognized as revenues and expenses in the accompanying consolidated financial statements was \$525,035 and \$574,286, respectively.

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WOMEN IN NEED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE H - RETIREMENT PLAN

The Organization has a 403(b) tax-deferred annuity retirement plan, which covers all employees who meet specific eligibility requirements. The Organization can match up to 3% of employees' contributions after two years of employment. The Organization made a contribution of \$104,150 in 2013 and \$0 in 2012. Participants' voluntary contributions and the Organization's contributions are fully vested at all times.

In addition, the Organization has a 457(b) deferred compensation plan for certain key employees that is funded by both the Organization and its employees. As such, the investments are directed by the employees, but remain as assets of the Organization until the employees retire. At June 30, 2013 and 2012, the asset value of the plan (recorded in other assets) and the resulting liability (recorded in accounts payable) was \$456,193 and \$422,939, respectively.

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2013 and 2012:

	2013		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds			
Small/mid U.S. equity	\$ 37,803	\$ -	\$ 37,803
Balance/asset allocation funds	<u>387,760</u>	<u>-</u>	<u>387,760</u>
Total mutual funds	425,563	-	425,563
Fixed-interest account	<u>-</u>	<u>30,630</u>	<u>30,630</u>
Total investments	<u>\$ 425,563</u>	<u>\$ 30,630</u>	<u>\$ 456,193</u>
	2012		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds			
Small/mid U.S. equity	\$ 34,721	\$ -	\$ 34,721
Balance/asset allocation funds	<u>359,495</u>	<u>-</u>	<u>359,495</u>
Total mutual funds	394,216	-	394,216
Fixed-interest account	<u>-</u>	<u>28,723</u>	<u>28,723</u>
Total investments	<u>\$ 394,216</u>	<u>\$ 28,723</u>	<u>\$ 422,939</u>

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WOMEN IN NEED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE I - CONCENTRATIONS

Financial instruments which potentially subject the Organization to a concentration of credit risk consist primarily of cash accounts in financial institutions which, from time to time, exceed federal insurance limits.

Approximately 70% in 2013 and 68% in 2012 of the Organization's revenues arise from contracts with the City of New York (primarily with the Department of Homeless Services). Overall, 80% in 2013 and 76% in 2012 of the Organization's revenues come from federal, state and city contracts. Management believes that this concentration of revenues does not pose a significant risk to the Organization's continuing success.

NOTE J - COMMITMENTS AND CONTINGENCIES

- (1) The Organization leases space at various sites throughout New York City under severable lease agreements expiring between 2014 and 2021. The minimum annual rental payments are as follows:

Year Ending June 30	
2014	\$ 13,098,912
2015	7,154,369
2016	4,356,134
2017	3,953,863
2018	3,899,819
Thereafter	<u>11,863,822</u>
	<u>\$ 44,326,919</u>

Rent expense for fiscal years 2013 and 2012 was \$12,458,990 and \$11,071,108, respectively.

- (2) Beginning in May 2009, the OASAS Office of the Medicaid Inspector General initiated an audit of the Organization's Medicaid revenue for the years 2003 through 2007. The audit is ongoing as of this date. Based on the auditors' findings, OASAS may require the Organization to repay some of the fees received for Medicaid-covered services during that period. At this time, the Organization has no basis to estimate the potential for recoupment.
- (3) As of June 30, 2013, the Organization is party to various litigations which, in the opinion of management and legal counsel, will not have a material adverse impact on the financial position of the Organization.

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WOMEN IN NEED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE J - COMMITMENTS AND CONTINGENCIES (continued)

- (4) The Organization is responsible for reporting to and is regulated by various third parties, among which are the Centers for Medicare and Medicaid Services (CMS) and the New York State Department of Health (DOH). These agencies, as well as the New York State Office of the Attorney General's Medicaid Fraud Control Unit (MFCU), the Internal Revenue Service, the New York State Office of the Attorney General's Charities Bureau, the Office of Inspector General (OIG) and the New York State Department of Health's Independent Office of Medicaid Inspector General (OMIG), and other agencies have the right to audit WIN. These agencies have the right to audit fiscal as well as programmatic compliance, i.e., clinical documentation and physician certifications, among other compliance requirements.

NOTE K - ENDOWMENT FUNDS**General**

WIN's permanently restricted net assets consist of an endowment fund asset to be held in perpetuity.

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of Win has adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA moves away from the "historic dollar value" standard, and permits charities to apply a spending policy to endowments based on certain specified standards of prudence. Win is now governed by the NYPMIFA spending policy, which establishes a standard maximum prudent spending limit of 7%. As a result of this interpretation, Win classifies as permanently restricted net assets (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 is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standards of prudence prescribed by NYPMIFA.

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WOMEN IN NEED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE K - ENDOWMENT FUNDS (continued)

Return Objectives, Strategies Employed and Spending Policy

The objective of Win is to maintain the principal endowment funds at the original amount designated by the donor. The investment policy to achieve this objective is to invest in low-risk investments. Interest earned in relation to the endowment funds is recorded as temporarily restricted income and released from restriction upon expenditure for the program for which the endowment fund was established. Win can use 5% of the average market value (including all income, gains and losses) of the prior two years for any appropriate charitable purpose.

Funds with Deficiencies

Win does not have any funds with deficiencies.

Changes in Endowment Net Assets for the Year Ended June 30, 2013

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year		\$ 150,000	\$ 150,000
Interest	\$ 328		328
Appropriation	<u>(328)</u>		<u>(328)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>

Changes in Endowment Net Assets for the Year Ended June 30, 2012

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year		\$ 150,000	\$ 150,000
Interest	\$ 723		723
Appropriation	<u>(723)</u>		<u>(723)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>