

Women In Need, Inc.

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2018 and 2017





Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.

June 30, 2018 and 2017

Contents

Independent Auditor's Report	1
---	----------

Consolidated Financial Statements

Statements of Financial Position	3
Statements of Activities.....	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

Independent Auditor's Report

Board of Directors
Women In Need, Inc.
New York, New York

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, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our 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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Audited by Other Auditors

The 2017 financial statements were audited by other auditors and their report thereon, dated January 31, 2018, expressed an unmodified opinion.

BKD, LLP

New York, New York
February 15, 2019



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Consolidated Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 9,576,721	\$ 5,655,592
Due from government agencies	7,700,666	5,543,289
Due from related parties - net	475,110	-
Contributions receivable - due within one year	1,200,115	1,104,575
Security deposits	158,862	231,586
Other assets	468,343	642,614
Long-term loan receivable	590,000	590,000
Property and equipment - net	6,298,467	4,731,846
	<u> </u>	<u> </u>
Total assets	<u>\$ 26,468,284</u>	<u>\$ 18,499,502</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 9,232,461	\$ 4,814,966
Accrued salaries and vacation payable	1,389,220	1,191,901
Advances from government agencies	764,295	1,395,283
Due to related parties - net	-	94,128
Security deposits	22,232	22,178
Loans payable	1,970,882	442,974
Mortgage notes payable	461,918	479,276
Total liabilities	<u>13,841,008</u>	<u>8,440,706</u>
Net assets		
Unrestricted	11,520,020	9,459,650
Temporarily restricted	957,256	449,146
Permanently restricted	150,000	150,000
Total net assets	<u>12,627,276</u>	<u>10,058,796</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 26,468,284</u>	<u>\$ 18,499,502</u>



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc. Consolidated Statements of Activities Years Ended June 30, 2018 and 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Other Support								
Contributions								
General public	\$ 1,634,044	\$ -	\$ -	\$ 1,634,044	\$ 1,184,724	\$ 239,197	\$ -	\$ 1,423,921
Foundations - operating support	1,098,564	1,370,798	-	2,469,362	1,353,543	1,499,073	-	2,852,616
Donated services and goods	689,345	-	-	689,345	490,500	-	-	490,500
Special events revenue	2,343,478	-	-	2,343,478	2,923,558	-	-	2,923,558
Government fees and grants								
City of New York	74,217,693	-	-	74,217,693	58,968,449	-	-	58,968,449
Federal government	3,280,604	-	-	3,280,604	3,315,708	-	-	3,315,708
State of New York	1,408,920	-	-	1,408,920	1,470,308	-	-	1,470,308
Program services	135,439	-	-	135,439	77,212	-	-	77,212
Supportive housing client rent	771,756	-	-	771,756	861,971	-	-	861,971
Miscellaneous	487,147	-	-	487,147	247,284	-	-	247,284
Net assets released from restrictions	862,688	(862,688)	-	-	1,439,124	(1,439,124)	-	-
Total revenues and other support	<u>86,929,678</u>	<u>508,110</u>	<u>-</u>	<u>87,437,788</u>	<u>72,332,381</u>	<u>299,146</u>	<u>-</u>	<u>72,631,527</u>
Operating Expenses								
Program services								
Family shelters	68,198,384	-	-	68,198,384	55,912,652	-	-	55,912,652
Family supportive housing	6,158,250	-	-	6,158,250	6,562,535	-	-	6,562,535
Communications and other program services	3,243,267	-	-	3,243,267	2,385,800	-	-	2,385,800
Total program services	<u>77,599,901</u>	<u>-</u>	<u>-</u>	<u>77,599,901</u>	<u>64,860,987</u>	<u>-</u>	<u>-</u>	<u>64,860,987</u>
Supporting services								
Management and general (includes expenses reimbursed by governmental grants of \$4,320,913 and \$2,875,997 in 2018 and 2017, respectively)	5,534,425	-	-	5,534,425	6,196,708	-	-	6,196,708
Fund raising	1,375,769	-	-	1,375,769	1,062,453	-	-	1,062,453
Direct cost of special events	359,213	-	-	359,213	377,260	-	-	377,260
Total supporting services	<u>7,269,407</u>	<u>-</u>	<u>-</u>	<u>7,269,407</u>	<u>7,636,421</u>	<u>-</u>	<u>-</u>	<u>7,636,421</u>
Total operating expenses	<u>84,869,308</u>	<u>-</u>	<u>-</u>	<u>84,869,308</u>	<u>72,497,408</u>	<u>-</u>	<u>-</u>	<u>72,497,408</u>
Change in Net Assets	2,060,370	508,110	-	2,568,480	(165,027)	299,146	-	134,119
Net Assets, Beginning of Year	<u>9,459,650</u>	<u>449,146</u>	<u>150,000</u>	<u>10,058,796</u>	<u>9,624,677</u>	<u>150,000</u>	<u>150,000</u>	<u>9,924,677</u>
Net Assets, End of Year	<u>\$ 11,520,020</u>	<u>\$ 957,256</u>	<u>\$ 150,000</u>	<u>\$ 12,627,276</u>	<u>\$ 9,459,650</u>	<u>\$ 449,146</u>	<u>\$ 150,000</u>	<u>\$ 10,058,796</u>



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Consolidated Statements of Functional Expenses
Years Ended June 30, 2018 and 2017

	2018							
	Program Services				Supporting Services			
	Family Shelters	Family Supportive Housing	Communications and Other Program Services	Total	Management and General	Fund Raising	Direct Cost of Special Events	Total
Salaries	\$ 17,650,701	\$ 1,454,925	\$ 1,562,596	\$ 20,668,222	\$ 2,451,773	\$ 657,625	\$ -	\$ 23,777,620
Benefits and payroll taxes	4,426,321	373,078	393,413	5,192,812	236,496	163,256	-	5,592,564
Total salaries, benefits and payroll taxes	22,077,022	1,828,003	1,956,009	25,861,034	2,688,269	820,881	-	29,370,184
Temporary help	3,339,758	160,089	-	3,499,847	16,497	1,960	-	3,518,304
Total salaries and related expenses	25,416,780	1,988,092	1,956,009	29,360,881	2,704,766	822,841	-	32,888,488
Occupancy	31,839,361	3,503,439	-	35,342,800	812,251	290	-	36,155,341
Supplies	2,994,213	150,902	74,358	3,219,473	175,038	72,487	9,097	3,476,095
Professional fees	315,427	198,009	724,009	1,237,445	158,501	205,751	-	1,601,697
Donated services	-	-	-	-	689,345	-	-	689,345
Insurance	1,115,992	72,725	-	1,188,717	70,116	-	-	1,258,833
Repairs and maintenance	4,177,584	95,907	-	4,273,491	46,997	-	-	4,320,488
Food	474,123	5,104	1,479	480,706	1,186	134	-	482,026
Staff/client expenses	390,104	47,007	6,118	443,229	377,681	20,471	-	841,381
Transportation	111,636	19,971	3,218	134,825	10,940	4,402	-	150,167
Catering costs	1,990	-	4,543	6,533	21,153	4,173	340,506	372,365
Other expenses	270	9,378	334,744	344,392	246,847	29,307	9,610	630,156
Bad debt expense	214,932	-	138,789	353,721	-	203,352	-	557,073
Depreciation and amortization	1,145,972	58,796	-	1,204,768	219,604	12,561	-	1,436,933
Interest	-	8,920	-	8,920	-	-	-	8,920
Total expenses	<u>\$ 68,198,384</u>	<u>\$ 6,158,250</u>	<u>\$ 3,243,267</u>	<u>\$ 77,599,901</u>	<u>\$ 5,534,425</u>	<u>\$ 1,375,769</u>	<u>\$ 359,213</u>	<u>\$ 84,869,308</u>



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Consolidated Statements of Functional Expenses
Years Ended June 30, 2018 and 2017

	2017							
	Program Services				Supporting Services			
	Family Shelters	Family Supportive Housing	Communications and Other Program Services	Total	Management and General	Fund Raising	Direct Cost of Special Events	Total
Salaries	\$ 14,698,069	\$ 1,698,692	\$ 1,095,496	\$ 17,492,257	\$ 2,732,323	\$ 585,418	\$ -	\$ 20,809,998
Benefits and payroll taxes	3,651,054	421,916	269,196	4,342,166	594,390	145,969	-	5,082,525
Total salaries, benefits and payroll taxes	18,349,123	2,120,608	1,364,692	21,834,423	3,326,713	731,387	-	25,892,523
Temporary help	1,630,435	-	-	1,630,435	23,058	9,204	-	1,662,697
Total salaries and related expenses	19,979,558	2,120,608	1,364,692	23,464,858	3,349,771	740,591	-	27,555,220
Occupancy	28,239,278	3,725,048	-	31,964,326	1,109,625	-	-	33,073,951
Supplies	2,061,938	81,104	154,976	2,298,018	192,634	31,425	10,199	2,532,276
Professional fees	318,204	307,870	465,730	1,091,804	404,633	199,978	-	1,696,415
Donated services	-	-	-	-	490,500	-	-	490,500
Insurance	877,703	87,205	-	964,908	77,071	-	-	1,041,979
Repairs and maintenance	2,800,020	135,175	-	2,935,195	80,316	940	-	3,016,451
Food	441,472	591	-	442,063	2,153	-	-	444,216
Staff/client expenses	163,723	23,441	32,535	219,699	282,451	16,286	-	518,436
Transportation	84,979	27,148	6,354	118,481	8,440	4,910	-	131,831
Catering costs	-	-	-	-	24,392	6,859	362,186	393,437
Other expenses	43,080	32,869	361,513	437,462	97,906	58,898	4,875	599,141
Depreciation and amortization	902,697	11,444	-	914,141	76,816	2,566	-	993,523
Interest	-	10,032	-	10,032	-	-	-	10,032
Total expenses	<u>\$ 55,912,652</u>	<u>\$ 6,562,535</u>	<u>\$ 2,385,800</u>	<u>\$ 64,860,987</u>	<u>\$ 6,196,708</u>	<u>\$ 1,062,453</u>	<u>\$ 377,260</u>	<u>\$ 72,497,408</u>



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Consolidated Statement of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Operating Activities		
Change in net assets	\$ 2,568,480	\$ 134,119
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	1,436,933	993,523
Changes in		
Due from government agencies	(2,157,377)	2,381,249
Due from related parties	(475,110)	-
Contributions receivable	(95,540)	(379,466)
Security deposits	72,724	(2,315)
Other assets	174,271	(251,857)
Accounts payable and accrued expenses	4,417,495	(2,280,973)
Accrued salaries and vacation payable	197,319	446,587
Advances from government agencies	(630,988)	467,310
Due to related parties	(94,128)	(1,100)
Security deposits	54	39
Net cash provided by operating activities	<u>5,414,133</u>	<u>1,507,116</u>
Investing Activities		
Purchases of property and equipment	<u>(3,003,554)</u>	<u>(594,269)</u>
Net cash used in investing activities	<u>(3,003,554)</u>	<u>(594,269)</u>
Financing Activities		
Proceeds from loan	1,527,908	440,653
Repayment of loan	-	(1,095,821)
Repayment of mortgage notes	<u>(17,358)</u>	<u>(15,970)</u>
Net cash provided by (used in) financing activities	<u>1,510,550</u>	<u>(671,138)</u>
Net Increase in Cash and Cash Equivalents	3,921,129	241,709
Cash and Cash Equivalents, Beginning of Year	<u>5,655,592</u>	<u>5,413,883</u>
Cash and Cash Equivalents, End of Year	<u>\$ 9,576,721</u>	<u>\$ 5,655,592</u>
Supplemental Cash Flows Information		
Cash paid for interest	\$ 8,920	\$ 10,032



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2018 and 2017

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) 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.
- (d) Win 118th Street Housing Development Fund Corporation was incorporated to develop a low-income housing project. Win is the sole member of Win 118th Street Housing Development Fund Corporation.

Win 118th Street GP, Inc. is .01% general partner of Win 118th Street L.P., a for-profit limited partnership. Win 118th Street GP, Inc. is controlled by Win 118th Street Housing Development Fund Corporation.

- (e) Win Glenmore Housing Development Fund Corporation was incorporated to develop a low-income housing project. Win is the sole member of Win Glenmore Housing Development Fund Corporation.

Win Glenmore Housing Development Fund Corporation is the sole shareholder of WIN Glenmore Corporation, which is a 51% member of Glenmore Housing GP, LLC. Glenmore Housing GP, LLC is .01% general partner of Glenmore Housing Associates, LLC, a for-profit limited partnership. Glenmore Housing GP, LLC is controlled by Win Glenmore Housing Development Fund Corporation.

- (f) Colgate Close Housing Development Fund Corporation will provide housing to low-income individuals. Win is the sole member of Colgate Close Housing Development Fund Corporation. Colgate Close Housing Development Fund Corporation is also a 50% owner of Colgate Close GP, LLC, a for-profit limited liability corporation. Colgate Close GP, LLC is .01% general partner of Colgate Close L.P.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2018 and 2017

Win, Lehman, Decatur and Colgate Close Housing Development Fund Corporation 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. Win 118th Street Housing Development Fund Corporation and Win Glenmore Housing Development Fund Corporation are exempt from federal income taxes under Section 501(c)(4) 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

All material inter-entity transactions and balances have been eliminated in consolidation.

(b) 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.

(c) Use of Estimates

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

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid instruments with maturity dates when acquired of three months or less and consist of money market accounts.

(e) Due From Government Agencies

Accounts receivable from government fees and grants and other sources of income are recorded when services are rendered or when qualifying expenses are incurred.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2018 and 2017

(f) 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.

(g) Allowance for Doubtful Accounts

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

(h) 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 of 10 to 20 years, whichever is shorter.

(i) Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended June 30, 2018.

(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.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2018 and 2017

(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. Advances from governmental agencies represent unspent government grant monies.

Revenue from rental income is recognized based on the underlying leases. There are no future expected minimum lease receipts.

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

Rent 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) Subsequent Events

Subsequent events have been evaluated through February 15, 2019, which is the date the consolidated financial statements were available to be issued.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2018 and 2017

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:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Federal	\$ 837,439	\$ 440,815
New York State	119,141	58,922
New York City	<u>6,899,861</u>	<u>5,204,462</u>
	7,856,441	5,704,199
Allowance for doubtful accounts	<u>(155,775)</u>	<u>(160,910)</u>
	<u>\$ 7,700,666</u>	<u>\$ 5,543,289</u>

Note C: Long-Term Loan Receivable

On October 22, 2015, Win entered into a Declaration of Interest and Nominee Agreement with Win 118th Street L.P., and transferred a parcel of land located at 17-21 West 118th Street, New York, NY, Block 1717, Lot 22, which had a purchase price of \$590,000, to Win 118th Street L.P., a New York limited partnership (the Borrower), in exchange for a non-recourse promissory note (secured by a mortgage and the property) with Women In Need, Inc. (the Lender) for the principal sum of up to \$959,000 (\$590,000 for the land, and \$369,000 for other future project costs including reserves). This land will be used for the development of thirty-five (35) residential rental units for persons of low-income. This project will be known as “Win 118th Street Residences.” The remaining balance of the loan of \$369,000 will be loaned to the Borrower on or before the conversion date of the project to occur subsequent to June 30, 2018. The loan matures 55 years from date of Substantial Completion as defined in the Amended and Restated Partnership Agreement of the Borrower. Interest accrues at an applicable federal rate (AFR) as defined by the Internal Revenue Code of 1986, as amended, which as of October 22, 2015 was 2.58% to be compounded and due annually commencing October 22, 2015. As of June 30, 2018 and 2017, \$590,000 of principal, and \$42,376 and \$26,287 of interest, respectively, was due from Win 118th Street L.P. Interest income earned for the years ended June 30, 2018 and 2017 was \$16,089 and \$15,680, respectively. The accrued interest receivable is included in other assets and the related interest income is included in miscellaneous revenue.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2018 and 2017

Note D: Property and Equipment

Property and equipment consist of the following:

	June 30,	
	2018	2017
Land	\$ 915,000	\$ 915,000
Buildings	1,313,453	1,313,453
Building improvements	773,468	773,468
Leasehold improvements	5,394,592	3,757,838
Furniture and fixtures	5,648,601	4,432,679
Vehicles	854,580	693,827
Construction in progress	480,217	490,092
	15,379,911	12,376,357
Less accumulated depreciation and amortization	(9,081,444)	(7,644,511)
	\$ 6,298,467	\$ 4,731,846

Note E: Mortgage Notes Payable

Mortgage notes payable consist of the following:

Provider	Annual Interest Rate	Terms	Maturity Dates	June 30,	
				2018	2017
Federal HOME Grants Funds*	0.0%	15 years	October 2017	\$ 165,000	\$ 165,000
New York Housing Development Corp.	7.21%	26 years	July 2026	84,782	101,167
NYC Department of Housing Preservation and Development	1.0%	30 years	July 2030	212,136	213,109
				\$ 461,918	\$ 479,276



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2018 and 2017

* The Federal HOME Grants Funds loan was expected to be forgiven on the original maturity date of July 2015, provided that Decatur continued to comply with the purpose specified in the loan agreement. Management sent correspondence to the lender requesting extinguishment of the debt. The lender has indicated that due to certain delays, the maturity date has been extended to October 2019.

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

2019	\$	18,513
2020		184,834
2021		8,529
2022		7,901
2023		8,423
Thereafter		<u>233,718</u>
	\$	<u>461,918</u>

Note F: Loans Payable

The Organization has a line of credit with TD Bank up to the amount of \$2,000,000. Interest-only payments are made on the unpaid principal on the first of every month. The interest rate is calculated using the LIBOR plus 1.50%. There have been no borrowings to date on the line. The Organization has granted a security interest, as defined, in certain assets. The line is due to expire February 28, 2019.

During 2018 and 2017, the Organization obtained short-term interest-free bridge loans from the Fund for the City of New York totaling \$440,644 and \$1,095,812, respectively, to cover operating expenses, pending receipt of funds from the New York City Department of Homeless Services. The loan balance will be recouped from future payments of current receivables upon registration of contracts and amendments. The balance outstanding as of June 30, 2018 and 2017 was \$1,970,882 and \$442,974, respectively. The loan was repaid in July 2018.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2018 and 2017

Note G: Development Advances

Win Glenmore Housing Development Fund Corporation received development advances totaling \$300,186 during fiscal year 2017. In 2016, Win Glenmore Housing Development Fund Corporation entered into a Declaration of Interest and Nominee Agreement with Glenmore Housing Associates, LLC, and transferred previously acquired assets of \$5,208,882, as well as \$5,209,982 of advances, to Glenmore Housing Associates, LLC, resulting in a balance of \$1,100 remaining due to Glenmore Housing Associates, LLC at June 30, 2016. In 2017, Win Glenmore Housing Development Fund Corporation transferred current acquired assets of \$301,286, as well as advances of \$300,186, to Glenmore Housing Associates, LLC, which fully satisfied the prior amounts due to Glenmore Housing Associates, LLC as of June 30, 2017.

Note H: Temporarily Restricted Net Assets

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

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Periods after June 30	\$ 384,146	\$ 181,818
Program expenditures*	<u>573,110</u>	<u>267,328</u>
 Total temporarily restricted net assets	 <u>\$ 957,256</u>	 <u>\$ 449,146</u>

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

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Program expenditures*	<u>\$ 862,688</u>	<u>\$ 1,439,124</u>
 Total	 <u>\$ 862,688</u>	 <u>\$ 1,439,124</u>

* Provision of housing and social services.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2018 and 2017

Note I: Donated Services and Goods

Donated goods are recognized at their fair values at the date of donations. Contributions of services are recognized when they are received if the services (a) create or enhance nonfinancial 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 2018 and 2017, the value of contributed legal services recognized as revenues and expenses in the accompanying consolidated financial statements was \$689,345 and \$490,500, respectively.

Note J: 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 \$207,944 in 2018 and \$118,283 in 2017. Participants' voluntary contributions and the Organization's contributions are fully vested at all times.

Note K: 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. The amount over the FDIC limit at June 30, 2018 was approximately \$9.3 million.

Approximately 85% in 2018 and 79% in 2017 of the Organization's revenues arise from contracts with the City of New York (primarily with the Department of Homeless Services) as well as 75% and 64% of due from government agencies for 2018 and 2017, respectively. Overall, 91% in 2018 and 88% in 2017 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.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2018 and 2017

Note L: Commitments and Contingencies

- (1) The Organization leases space at various sites throughout New York City under lease agreements expiring between 2019 and 2027. These leases can be terminated if the related government contracts are discontinued. The minimum annual rental payments are as follows:

<u>Year Ending</u> <u>June 30,</u>	
2019	\$ 25,609,410
2020	25,880,774
2021	26,300,168
2022	22,659,152
2023	19,069,705
Thereafter	<u>10,932,793</u>
	<u>\$ 130,452,002</u>

Rent expense for fiscal years 2018 and 2017 was \$24,252,609 and \$22,115,340, respectively.

- (2) Beginning in May 2009, the Office of the Medicaid Inspector General (OMIG) initiated an audit of the Organization’s Medicaid revenue for the years 2003 through 2007. In January 2016, the Organization received a Final Audit Report from OMIG with a settlement offer in the amount of \$326,655. In April 2018, OMIG agreed to accept \$230,705 as the final settlement amount which was paid by the Organization.
- (3) As of June 30, 2018, 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.
- (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 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.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2018 and 2017

Note M: Endowment Funds

General

Win's permanently restricted net assets consist of one endowment fund 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 adopted the New York Prudent Management of Institutional Funds Act (NYPMIFA). NYPMIFA permits charities to apply a spending policy to endowments based on certain specified standards of prudence. Win is 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.

Return Objectives, Strategies Employed and Spending Policy

The primary investment objective for the endowment is to preserve and protect principal, while providing a predictable stream of funding to the Organization. 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. As per donor intent, 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. The policy of the Organization is to report temporarily restricted investment income appropriated in the year earned as unrestricted.

Funds with Deficiencies

Win does not have any funds with deficiencies.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2018 and 2017

Changes in Endowment Net Assets for the Year Ended June 30, 2018

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 150,000	\$ 150,000
Interest	302	-	302
Appropriation	<u>(302)</u>	<u>-</u>	<u>(302)</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, 2017

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 150,000	\$ 150,000
Interest	294	-	294
Appropriation	<u>(294)</u>	<u>-</u>	<u>(294)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>

Note N: Related Party Transactions

As of June 30, 2018, the following balances were included in due to related parties - net, on the consolidated statement of financial position:

Win 118th Street L.P. - receivable	\$ 146,690
Due from Glenmore Housing Associates, LLC - receivable	<u>328,420</u>
	<u>\$ 475,110</u>



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2018 and 2017

As of June 30, 2017, the following balances were included in due to related parties - net, on the consolidated statement of financial position:

Win 118th Street L.P. - payable	\$ (107,648)
Due from Glenmore Housing Associates, LLC - receivable	<u>13,520</u>
	<u>\$ (94,128)</u>

Note O: Subsequent Event

Subsequent to the end of the year, on July 27, 2018, Win, Inc. the owner of Block 1717, Lot 23 located at West 118th Street, New York, NY sold this property to West 118 Acquisition, LLC for \$1,550,000 of which \$500,000 was received on July 27, 2018 and the balance of \$1,050,000 was structured as a promissory loan with a per annum rate of 7%. The full payment of \$1,050,000 is due on or before June 30, 2019.

Note P: Future Changes in Accounting Principles

Revenue Recognition

The Financial Accounting Standards Board amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for annual periods beginning after December 15, 2018, for nonpublic entities, and any interim periods within annual reporting periods that begin after December 15, 2019, for nonpublic entities. The Organization intends to begin the process of evaluating the impact the amendment will have on the financial statements.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.

Notes to Consolidated Financial Statements

June 30, 2018 and 2017

Presentation of Financial Statements for Not-for-Profit Entities

The FASB recently issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which changes requirements for financial statements and notes of all not-for-profit (NFP) entities and is effective for fiscal years beginning after December 15, 2017.

A summary of the changes by financial statement area most relevant to the Organization is as follows:

Statement of Financial Position

- The statement of financial position will distinguish between two new classes of net assets – those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets – unrestricted, temporarily restricted and permanently restricted.

Statement of Activities

- Expenses are reported by both nature and function in one location.
- Investment income is shown net of external and direct internal investment expenses. Disclosure of the expenses netted against investment income is no longer required.

Notes to the Financial Statements

- Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one year from the date of the statement of financial position.
- Amounts and purposes of governing Board designations and appropriations as of the end of the period are disclosed.

The Organization intends to begin the process of evaluating the impact the amendment will have on the consolidated financial statements.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2018 and 2017

FASB Releases Not-for-Profit Accounting Standard for Grants and Contributions

ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, clarifies existing guidance on determining whether a transaction with a resource provider, e.g., the receipt of funds under a government grant or contract, is a contribution or an exchange transaction. The guidance requires all organizations to evaluate whether the resource provider is receiving commensurate value in a transfer of assets transaction, and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction would be accounted for as an exchange transaction by applying Topic 606, *Revenue from Contracts with Customers*, or other topics. The standard clarifies that a resource provider is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider. If commensurate value is not received by the resource provider, i.e., the transaction is nonexchange, the recipient organization would record the transaction as a contribution under Topic 958 and determine whether the contribution is conditional or unconditional.

FASB expects that the new standard could result in more grants and contracts being accounted for as contributions (often conditional contributions) than under current generally accepted accounting principles. Because of this, it believes the clarifying guidance about whether a contribution is conditional or unconditional, which affects the timing of revenue recognition, is important. Both the recipient and resource provider would equally apply the guidance. The standard will be effective for annual reporting periods beginning on or after December 15, 2018.

Accounting Standards Update – Statement of Cash Flows: Restricted Cash

ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, clarifies the presentation and disclosure requirements of restricted cash. The ASU requires entities to include restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling beginning-of-period and end-of-period total cash in the statement of cash flows. The amendments apply to all entities with restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230, including NFP entities. The ASU requires disclosure of information about the nature of restrictions on cash, cash equivalents and restricted cash balances. The ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted which includes adoption in an interim period. The Organization does not expect the amendment to have an effect on the consolidated financial statements currently but it could in future periods if the Organization has restricted cash balances.