

**WOMEN IN NEED, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND AUDITOR'S REPORT**  
**JUNE 30, 2014 AND 2013**

**WOMEN IN NEED, INC.**

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LOEB & TROPER LLP

## **Independent Auditor's Report**

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

### ***Report on the Consolidated 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, 2014 and 2013, 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, 2014 and 2013, 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 25, 2014

## WOMEN IN NEED, INC.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,367,300	\$ 7,278,696
Due from government agencies	3,204,791	4,374,380
Contributions receivable - due within one year	162,400	49,512
Security deposits	174,971	167,304
Other assets	1,142,079	747,707
Property and equipment - net	<u>2,867,621</u>	<u>2,893,484</u>
Total assets	<u>\$ 15,919,162</u>	<u>\$ 15,511,083</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 3,265,913	\$ 3,863,085
Accrued vacation payable	607,523	573,885
Advances from government agencies	575,714	523,326
Security deposits	57,589	57,672
Loans payable	393,405	
Mortgage notes payable	<u>524,561</u>	<u>537,713</u>
Total liabilities	<u>5,424,705</u>	<u>5,555,681</u>
Net assets (Exhibit B)		
Unrestricted	10,182,057	9,745,948
Temporarily restricted	162,400	59,454
Permanently restricted	<u>150,000</u>	<u>150,000</u>
Total net assets	<u>10,494,457</u>	<u>9,955,402</u>
Total liabilities and net assets	<u>\$ 15,919,162</u>	<u>\$ 15,511,083</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, 2014 AND 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support								
Contributions								
General public	\$ 642,187			\$ 642,187	\$ 706,751			\$ 706,751
Foundations - operating support	1,132,331	\$ 1,110,000		2,242,331	783,350	\$ 1,130,000		1,913,350
Corporations	244,228			244,228	278,650			278,650
Donated services	669,060			669,060	525,035			525,035
Special events revenue	3,114,692	162,400		3,277,092	2,164,704	49,512		2,214,216
Government fees and grants								
City of New York	37,065,968			37,065,968	29,200,003			29,200,003
Federal government	2,523,727			2,523,727	2,359,356			2,359,356
State of New York	1,669,697			1,669,697	1,286,255			1,286,255
Medicaid	431,656			431,656	585,881			585,881
Program services	1,239,325			1,239,325	1,208,317			1,208,317
Supportive housing client rent	754,087			754,087	740,791			740,791
Miscellaneous	408,546			408,546	445,120			445,120
Net assets released from restrictions	1,169,454	(1,169,454)			1,134,800	(1,134,800)		
Total revenues and other support	51,064,958	102,946		51,167,904	41,419,013	44,712		41,463,725
Operating expenses (Exhibit C)								
Program services								
Family shelters	36,348,696			36,348,696	28,691,576			28,691,576
Family supportive housing	5,441,181			5,441,181	4,858,763			4,858,763
Outpatient clinic services	1,010,207			1,010,207	1,128,715			1,128,715
Other client services	356,159			356,159	81,107			81,107
Total program services	43,156,243			43,156,243	34,760,161			34,760,161
Supporting services								
Management and general (includes expenses reimbursed by governmental grants of \$1,844,802 and \$1,371,599 in 2014 and 2013, respectively)	5,629,318			5,629,318	4,892,040			4,892,040
Development and communications	1,295,017			1,295,017	1,117,830			1,117,830
Direct cost of special events	548,271			548,271	355,259			355,259
Total supporting services	7,472,606			7,472,606	6,365,129			6,365,129
Total operating expenses	50,628,849			50,628,849	41,125,290			41,125,290
Change in net assets before gain on sale of building	436,109	102,946		539,055	293,723	44,712		338,435
Gain on sale of building					2,830,797			2,830,797
Change in net assets (Exhibit D)	436,109	102,946		539,055	3,124,520	44,712		3,169,232
Net assets - beginning of year	9,745,948	59,454	\$ 150,000	9,955,402	6,621,428	14,742	\$ 150,000	6,786,170
Net assets - end of year (Exhibit A)	\$ 10,182,057	\$ 162,400	\$ 150,000	\$ 10,494,457	\$ 9,745,948	\$ 59,454	\$ 150,000	\$ 9,955,402

See independent auditor's report.

The accompanying notes are an integral part of these statements.

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2014 AND 2013

	2014								
	Program Services					Supporting Services			
	Family Shelters	Family Supportive Housing	Outpatient Clinic Services	Other Client Services	Total	Management and General	Development and Communications	Direct Cost of Special Events	Total
Salaries	\$ 9,517,102	\$ 1,127,560	\$ 457,622	\$ 167,439	\$ 11,269,723	\$ 2,036,408	\$ 604,877		\$ 13,911,008
Benefits and payroll taxes	2,060,979	244,180	99,102	36,260	2,440,521	433,713	130,985		3,005,219
Total salaries, benefits and payroll taxes	11,578,081	1,371,740	556,724	203,699	13,710,244	2,470,121	735,862		16,916,227
Temporary help	555,023		872	248	556,143	19,763	19,705		595,611
Total salaries and related expenses	12,133,104	1,371,740	557,596	203,947	14,266,387	2,489,884	755,567		17,511,838
Occupancy	19,166,650	3,550,502	244,602		22,961,754	1,045,126	3,787		24,010,667
Supplies	1,773,819	22,826	30,810	7,238	1,834,693	170,677	37,956	\$ 48,301	2,091,627
Professional fees	227,846	187,403	49,296	140,442	604,987	656,876	408,860		1,670,723
Donated services						669,060			669,060
Insurance	586,157	100,706	7,974		694,837	38,206	10,185		743,228
Repairs and maintenance	1,395,316	51,645	930	300	1,448,191	81,595			1,529,786
Food	310,299	5,671	8,461		324,431	340			324,771
Staff/client expenses	75,912	14,981	3,281		94,174	324,238	4,773		423,185
Transportation	76,524	13,314	24,745		114,583	20,585	2,537		137,705
Catering costs				4,232	4,232	30,249	16,647	499,970	551,098
Other expenses	128,002	97,573	75,517		301,092	78,678	52,950		432,720
Depreciation and amortization	475,067	11,993	6,995		494,055	23,804	1,755		519,614
Interest		12,827			12,827				12,827
Total expenses (Exhibit B)	\$ 36,348,696	\$ 5,441,181	\$ 1,010,207	\$ 356,159	\$ 43,156,243	\$ 5,629,318	\$ 1,295,017	\$ 548,271	\$ 50,628,849

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## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2014 AND 2013

	2014								
	Program Services					Supporting Services			
	Family Shelters	Family Supportive Housing	Outpatient Clinic Services	Other Client Services	Total	Management and General	Development and Communications	Direct Cost of Special Events	Total
Salaries	\$ 9,517,102	\$ 1,127,560	\$ 457,622	\$ 167,439	\$ 11,269,723	\$ 2,036,408	\$ 604,877		\$ 13,911,008
Benefits and payroll taxes	2,060,979	244,180	99,102	36,260	2,440,521	433,713	130,985		3,005,219
Total salaries, benefits and payroll taxes	11,578,081	1,371,740	556,724	203,699	13,710,244	2,470,121	735,862		16,916,227
Temporary help	555,023		872	248	556,143	19,763	19,705		595,611
Total salaries and related expenses	12,133,104	1,371,740	557,596	203,947	14,266,387	2,489,884	755,567		17,511,838
Occupancy	19,166,650	3,550,502	244,602		22,961,754	1,045,126	3,787		24,010,667
Supplies	1,773,819	22,826	30,810	7,238	1,834,693	170,677	37,956	\$ 48,301	2,091,627
Professional fees	227,846	187,403	49,296	140,442	604,987	656,876	408,860		1,670,723
Donated services						669,060			669,060
Insurance	586,157	100,706	7,974		694,837	38,206	10,185		743,228
Repairs and maintenance	1,395,316	51,645	930	300	1,448,191	81,595			1,529,786
Food	310,299	5,671	8,461		324,431	340			324,771
Staff/client expenses	75,912	14,981	3,281		94,174	324,238	4,773		423,185
Transportation	76,524	13,314	24,745		114,583	20,585	2,537		137,705
Catering costs				4,232	4,232	30,249	16,647	499,970	551,098
Other expenses	128,002	97,573	75,517		301,092	78,678	52,950		432,720
Depreciation and amortization	475,067	11,993	6,995		494,055	23,804	1,755		519,614
Interest		12,827			12,827				12,827
Total expenses (Exhibit B)	\$ 36,348,696	\$ 5,441,181	\$ 1,010,207	\$ 356,159	\$ 43,156,243	\$ 5,629,318	\$ 1,295,017	\$ 548,271	\$ 50,628,849

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## WOMEN IN NEED, INC.

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 539,055	\$ 3,169,232
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	519,614	616,586
Decrease (increase) in assets		
Due from government agencies	1,169,589	(172,074)
Contributions receivable	(112,888)	(44,712)
Security deposits	(7,667)	(2,491)
Other assets	(394,372)	(152,157)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(597,172)	(509,470)
Accrued vacation payable	33,638	59,290
Advances from government agencies	52,388	45,856
Security deposits	(83)	(906)
Net cash provided by operating activities	<u>1,202,102</u>	<u>178,357</u>
Cash flows from investing activities		
Purchases of property and equipment	(493,751)	(738,757)
Proceeds from sale of building		3,940,235
Net cash provided (used) by investing activities	<u>(493,751)</u>	<u>3,201,478</u>
Cash flows from financing activities		
Proceeds from loan	393,405	
Repayment of mortgage notes	(13,152)	(12,292)
Net cash provided (used) by financing activities	<u>380,253</u>	<u>(12,292)</u>
Net change in cash and cash equivalents	1,088,604	3,367,543
Cash and cash equivalents - beginning of year	<u>7,278,696</u>	<u>3,911,153</u>
Cash and cash equivalents - end of year	<u>\$ 8,367,300</u>	<u>\$ 7,278,696</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 12,827</u>	<u>\$ 13,877</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, 2014 AND 2013**

**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, 2014 AND 2013****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, 2014 AND 2013**

**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, 2014 as compared to those used at June 30, 2013.

***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, 2014 AND 2013****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 of 10 to 20 years, whichever is shorter.

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**WOMEN IN NEED, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

**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:

2015	\$ 401,250
2016	<u>197,720</u>
	<u>\$ 598,970</u>

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**WOMEN IN NEED, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****JUNE 30, 2014 AND 2013****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, 2011 and subsequent remain subject to examination by applicable taxing authorities.

***(n) Subsequent Events***

Subsequent events have been evaluated through November 25, 2014, 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, 2014 AND 2013****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:

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Federal	\$ 882,446	\$ 824,552
New York State	399,519	527,268
New York City	<u>2,324,826</u>	<u>3,404,560</u>
	3,606,791	4,756,380
Allowance for doubtful accounts	<u>(402,000)</u>	<u>(382,000)</u>
	<u>\$ 3,204,791</u>	<u>\$ 4,374,380</u>

**NOTE C - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Land	\$ 5,000	\$ 5,000
Buildings	1,313,453	1,313,453
Building improvements	706,868	697,068
Leasehold improvements	3,175,018	3,136,667
Furniture and fixtures	2,268,683	1,823,083
Vehicles	<u>395,214</u>	<u>395,214</u>
	7,864,236	7,370,485
Less accumulated depreciation and amortization	<u>(4,996,615)</u>	<u>(4,477,001)</u>
	<u>\$ 2,867,621</u>	<u>\$ 2,893,484</u>

On March 21, 2013, Win sold the building located at 341 West 51<sup>st</sup> 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, 2014 AND 2013

## NOTE D - MORTGAGE NOTES PAYABLE

Mortgage notes payable consist of the following:

Provider	Annual Interest Rate	Terms	Maturity Dates	June 30	
				2014	2013
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	143,813	156,104
NYC Department of Housing Preservation and Development	1.0%	30 years	July 2030	<u>215,748</u>	<u>216,609</u>
				<u>\$ 524,561</u>	<u>\$ 537,713</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:

2015	\$ 14,078
2016	180,070
2017	16,137
2018	17,283
2019	18,512
Thereafter	<u>278,481</u>
	<u>\$ 524,561</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 December 31, 2014. There were no balances outstanding as of June 30, 2014 and 2013.

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**WOMEN IN NEED, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

**NOTE E - LOAN PAYABLE (continued)**

During 2014, the Organization obtained an interest free loan from the Fund for the City of New York of \$393,405 to cover operating expenses, pending receipt of funds from the New York City Department of Homeless Services. The balance is due upon receipt of funds from New York City Department of Homeless Services. The balance outstanding at June 30, 2014 was \$393,405.

**NOTE F - TEMPORARILY RESTRICTED NET ASSETS**

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

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Periods after June 30	\$ 162,400	\$ 49,512
Program expenditures*	<u>          </u>	<u>9,942</u>
Total temporarily restricted net assets	\$ <u>162,400</u>	\$ <u>59,454</u>

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

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Time restrictions lapsed	\$ 49,512	\$ 4,800
Program expenditures*	<u>1,119,942</u>	<u>1,130,000</u>
Total	\$ <u>1,169,454</u>	\$ <u>1,134,800</u>

\* Provision of housing and social services.

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**WOMEN IN NEED, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

**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 2014 and 2013, the value of contributed legal services recognized as revenues and expenses in the accompanying consolidated financial statements was \$669,060 and \$525,035, respectively.

**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 \$107,439 in 2014 and \$104,150 in 2013. 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, 2014 and 2013, the asset value of the plan (recorded in other assets) and the resulting liability (recorded in accounts payable) was \$355,372 and \$456,193, respectively.

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2014 and 2013:

	<b>2014</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Mutual funds			
Small/mid U.S. equity	\$ 35,042	\$ -	\$ 35,042
Balance/asset allocation funds	<u>302,015</u>	<u>-</u>	<u>302,015</u>
Total mutual funds	337,057	-	337,057
Fixed-interest account	<u>-</u>	<u>18,315</u>	<u>18,315</u>
Total investments	<u>\$ 337,057</u>	<u>\$ 18,315</u>	<u>\$ 355,372</u>

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**WOMEN IN NEED, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****JUNE 30, 2014 AND 2013****NOTE H - RETIREMENT PLAN (continued)**

	<b>2013</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
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>

**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 72% in 2014 and 70% in 2013 of the Organization's revenues arise from contracts with the City of New York (primarily with the Department of Homeless Services). Overall, 81% in 2014 and 80% in 2013 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.

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**WOMEN IN NEED, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2014 AND 2013**

**NOTE J - COMMITMENTS AND CONTINGENCIES**

- (1) The Organization leases space at various sites throughout New York City under severable lease agreements expiring between 2015 and 2023. The minimum annual rental payments are as follows:

<b>Year Ending June 30</b>	
2015	\$ 16,999,510
2016	13,082,996
2017	12,786,452
2018	8,052,144
2019	8,075,829
Thereafter	<u>22,355,830</u>
	<u>\$ 81,352,761</u>

Rent expense for fiscal years 2014 and 2013 was \$15,336,102 and \$12,458,990, 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, 2014, 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 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.

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**WOMEN IN NEED, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****JUNE 30, 2014 AND 2013****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.

**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.

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## WOMEN IN NEED, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

## NOTE K - ENDOWMENT FUNDS (continued)

***Changes in Endowment Net Assets for the Year Ended June 30, 2014***

	<b><u>Temporarily Restricted</u></b>	<b><u>Permanently Restricted</u></b>	<b><u>Total</u></b>
Endowment net assets, beginning of year		\$ 150,000	\$ 150,000
Interest	\$ 225		225
Appropriation	<u>(225)</u>	<u>          </u>	<u>(225)</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, 2013***

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