

Women In Need, Inc.

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2020 and 2019





Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.

June 30, 2020 and 2019

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 statements of financial position as of June 30, 2020 and 2019, 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.

Board of Directors
Women In Need, Inc.
Page 2

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Women In Need, Inc. as of June 30, 2020 and 2019, 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.

BKD, LLP

New York, New York
March 15, 2021



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Consolidated Statements of Financial Position
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 12,883,332	\$ 6,587,925
Due from government agencies	8,384,281	9,657,337
Due from related parties - net	2,562,849	2,253,827
Contributions receivable - due within one year	934,939	1,126,380
Security deposits	247,151	221,643
Other assets	1,232,628	1,039,031
Loans receivable	590,000	1,640,000
Property and equipment - net	5,646,783	5,704,580
	<u>\$ 32,481,963</u>	<u>\$ 28,230,723</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 11,173,054	\$ 8,290,566
Accrued salaries and vacation payable	2,720,443	1,832,923
Deferred rent payable	1,141,583	843,862
Security deposits	-	18,176
Loans payable	1,000,000	671,470
Mortgage notes payable	258,647	443,223
	<u>16,293,727</u>	<u>12,100,220</u>
Net Assets		
Without donor restrictions	14,712,726	15,336,991
With donor restrictions		
Purpose and time restricted	1,325,510	643,512
Perpetual in nature	150,000	150,000
	<u>16,188,236</u>	<u>16,130,503</u>
Total net assets	<u>\$ 32,481,963</u>	<u>\$ 28,230,723</u>
Total liabilities and net assets	<u>\$ 32,481,963</u>	<u>\$ 28,230,723</u>



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc. Consolidated Statements of Activities Years Ended June 30, 2020 and 2019

	2020				2019			
	Without Donor Restrictions	With Donor Restrictions		Total	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose and Time	Perpetual in Nature			Purpose and Time	Perpetual in Nature	
Revenues and Other Support								
Contributions								
General public	\$ 4,458,609	\$ -	\$ -	\$ 4,458,609	\$ 1,111,338	\$ 11,500	\$ -	\$ 1,122,838
Foundations - operating support	1,248,045	2,748,000	-	3,996,045	2,637,193	1,031,500	-	3,668,693
Donated services and goods	1,333,822	-	-	1,333,822	1,869,939	-	-	1,869,939
Special events revenue	-	-	-	-	3,278,977	-	-	3,278,977
Government fees and grants								
City of New York	84,142,955	-	-	84,142,955	78,893,153	-	-	78,893,153
Federal government	3,413,769	-	-	3,413,769	3,471,398	-	-	3,471,398
State of New York	642,784	-	-	642,784	1,391,399	-	-	1,391,399
Program services	411,161	-	-	411,161	2,782,818	-	-	2,782,818
Supportive housing client rent	701,508	-	-	701,508	714,842	-	-	714,842
Miscellaneous	833,505	-	-	833,505	310,913	-	-	310,913
Net assets released from restrictions	2,066,002	(2,066,002)	-	-	1,356,744	(1,356,744)	-	-
Total revenues and other support	99,252,160	681,998	-	99,934,158	97,818,714	(313,744)	-	97,504,970
Operating Expenses								
Program services								
Family shelters	76,949,287	-	-	76,949,287	73,072,098	-	-	73,072,098
Family supportive housing	7,786,206	-	-	7,786,206	8,096,030	-	-	8,096,030
Communications and other program services	3,901,450	-	-	3,901,450	3,263,276	-	-	3,263,276
Total program services	88,636,943	-	-	88,636,943	84,431,404	-	-	84,431,404
Supporting services								
Management and general (includes expenses reimbursed by governmental grants of \$4,863,754 and \$4,420,978 in 2020 and 2019, respectively)	9,644,766	-	-	9,644,766	8,651,248	-	-	8,651,248
Fundraising	1,594,716	-	-	1,594,716	1,628,632	-	-	1,628,632
Direct cost of special events	-	-	-	-	360,242	-	-	360,242
Total supporting services	11,239,482	-	-	11,239,482	10,640,122	-	-	10,640,122
Total operating expenses	99,876,425	-	-	99,876,425	95,071,526	-	-	95,071,526
Change in Net Assets Before Gain on Sale of a Building	(624,265)	681,998	-	57,733	2,747,188	(313,744)	-	2,433,444
Gain on Sale of Property	-	-	-	-	1,069,783	-	-	1,069,783
Change in Net Assets	(624,265)	681,998	-	57,733	3,816,971	(313,744)	-	3,503,227
Net Assets, Beginning of Year	15,336,991	643,512	150,000	16,130,503	11,520,020	957,256	150,000	12,627,276
Net Assets, End of Year	\$ 14,712,726	\$ 1,325,510	\$ 150,000	\$ 16,188,236	\$ 15,336,991	\$ 643,512	\$ 150,000	\$ 16,130,503



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Consolidated Statements of Functional Expenses
Years Ended June 30, 2020 and 2019

	2020						
	Program Services			Supporting Services			
	Family Shelters	Family Supportive Housing	Communications and Other Program Services	Total	Management and General	Fundraising	Total
Salaries	\$ 20,947,897	\$ 2,268,781	\$ 2,260,457	\$ 25,477,135	\$ 4,403,497	\$ 958,444	\$ 30,839,076
Benefits and payroll taxes	5,250,769	567,737	549,368	6,367,874	161,086	239,613	6,768,573
Total salaries, benefits and payroll taxes	26,198,666	2,836,518	2,809,825	31,845,009	4,564,583	1,198,057	37,607,649
Temporary help	3,891,431	576,673	5,662	4,473,766	305,015	-	4,778,781
Total salaries and related expenses	30,090,097	3,413,191	2,815,487	36,318,775	4,869,598	1,198,057	42,386,430
Occupancy	35,370,161	3,567,986	-	38,938,147	1,467,326	-	40,405,473
Supplies	2,949,597	211,695	449,947	3,611,239	751,083	30,830	4,393,152
Professional fees	265,901	369,280	568,247	1,203,428	163,954	91,244	1,458,626
Donated services	-	-	-	-	1,333,823	-	1,333,823
Insurance	1,382,667	86,670	1,183	1,470,520	145,253	714	1,616,487
Repairs and maintenance	4,591,687	44,082	-	4,635,769	72,247	-	4,708,016
Food	458,362	5,792	8,466	472,620	13,659	973	487,252
Staff/client expenses	276,670	24,474	46,513	347,657	563,703	31,890	943,250
Transportation	115,877	18,127	4,073	138,077	25,463	683	164,223
Catering costs	-	-	-	-	-	50,105	50,105
Other expenses	183	(27,687)	2,018	(25,486)	112,583	190,220	277,317
Depreciation and amortization	1,448,085	67,263	5,516	1,520,864	120,767	-	1,641,631
Interest	-	5,333	-	5,333	5,307	-	10,640
Total expenses	<u>\$ 76,949,287</u>	<u>\$ 7,786,206</u>	<u>\$ 3,901,450</u>	<u>\$ 88,636,943</u>	<u>\$ 9,644,766</u>	<u>\$ 1,594,716</u>	<u>\$ 99,876,425</u>



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Consolidated Statements of Functional Expenses (Continued)
Years Ended June 30, 2020 and 2019

	2019							
	Program Services				Supporting Services			
	Family Shelters	Family Supportive Housing	Communications and Other Program Services	Total	Management and General	Fundraising	Direct Cost of Special Events	Total
Salaries	\$ 19,549,835	\$ 2,189,689	\$ 1,641,973	\$ 23,381,497	\$ 3,908,383	\$ 904,242	\$ -	\$ 28,194,122
Benefits and payroll taxes	4,888,881	552,009	410,493	5,851,383	133,694	226,060	-	6,211,137
Total salaries, benefits and payroll taxes	24,438,716	2,741,698	2,052,466	29,232,880	4,042,077	1,130,302	-	34,405,259
Temporary help	4,263,561	433,158	29,532	4,726,251	137,682	-	-	4,863,933
Total salaries and related expenses	28,702,277	3,174,856	2,081,998	33,959,131	4,179,759	1,130,302	-	39,269,192
Occupancy	34,594,984	3,721,428	-	38,316,412	1,699,187	-	-	40,015,599
Supplies	1,835,157	128,562	233,294	2,197,013	(99,309)	34,616	2,069	2,134,389
Professional fees	245,728	209,019	673,326	1,128,073	132,436	306,937	-	1,567,446
Donated services	-	-	-	-	1,869,939	-	-	1,869,939
Insurance	1,150,436	67,140	1,350	1,218,926	71,448	621	-	1,290,995
Repairs and maintenance	4,267,997	252,208	1,915	4,522,120	100,626	-	-	4,622,746
Food	495,553	30	12,995	508,578	6,028	1,379	339	516,324
Staff/client expenses	247,359	26,147	141,892	415,398	397,010	51,264	-	863,672
Transportation	114,429	22,033	15,610	152,072	13,593	1,701	-	167,366
Catering costs	425	-	42,864	43,289	4,793	6,969	348,149	403,200
Other expenses	444	431,136	57,139	488,719	197,718	94,614	9,685	790,736
Depreciation and amortization	1,417,309	55,898	893	1,474,100	78,020	229	-	1,552,349
Interest	-	7,573	-	7,573	-	-	-	7,573
Total expenses	<u>\$ 73,072,098</u>	<u>\$ 8,096,030</u>	<u>\$ 3,263,276</u>	<u>\$ 84,431,404</u>	<u>\$ 8,651,248</u>	<u>\$ 1,628,632</u>	<u>\$ 360,242</u>	<u>\$ 95,071,526</u>



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Consolidated Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Activities		
Change in net assets	\$ 57,733	\$ 3,503,227
Items not requiring (providing) operating cash flows		
Depreciation and amortization	1,641,631	1,552,349
Forgiveness of mortgage loan	(165,000)	
Gain on sale of property	-	(1,069,783)
Changes in		
Due from government agencies	1,273,056	(2,720,966)
Due from related parties	(309,022)	(1,778,717)
Contributions receivable	191,441	73,735
Security deposits	(25,508)	(62,781)
Other assets	(193,597)	(570,688)
Accounts payable and accrued expenses	2,882,488	(941,895)
Accrued salaries and vacation payable	887,520	443,703
Deferred rent payable	297,721	843,862
Security deposits	(18,176)	(4,056)
	<u>6,520,287</u>	<u>(732,010)</u>
Net cash provided by (used in) operating activities		
Investing Activities		
Purchases of property and equipment	(1,583,834)	(1,438,679)
Loan receivable from sale of property	-	(1,050,000)
Proceeds from loan receivable from sale of property	1,050,000	-
Proceeds from sale of property	-	1,550,000
	<u>(533,834)</u>	<u>(938,679)</u>
Net cash used in investing activities		
Financing Activities		
Proceeds from loans receivable	1,000,000	669,140
Proceeds from loan	680,298	
Repayment of loan	(1,351,768)	(1,968,552)
Repayment of mortgage notes	(19,576)	(18,695)
	<u>308,954</u>	<u>(1,318,107)</u>
Net cash provided by (used in) financing activities		
Net Increase (Decrease) in Cash and Cash Equivalents	6,295,407	(2,988,796)
Cash and Cash Equivalents, Beginning of Year	6,587,925	9,576,721
Cash and Cash Equivalents, End of Year	<u>\$ 12,883,332</u>	<u>\$ 6,587,925</u>
Supplemental Cash Flows Information		
Cash paid for interest	\$ 10,640	\$ 7,573



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Note 1: 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 91st Street LLC was organized for the purpose of acting as the Master Lessee and/or the Administering Agent of certain real property to be known as the Affordable Condo Unit in the building located at 316 East 91st Street, New York, NY. Win is the sole member of Win 91st Street LLC.
- (e) 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 percent 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.

- (f) Win Far Rockaway Housing Development Fund Corporation is an entity whose sole member is Win, and holds title to property located in Far Rockaway, Queens, NY that will be used to build a supportive housing building.

Win Far Rockaway Housing Development Fund Corporation has a nominal ownership in Rockaway South, L.P. a for-profit limited partnership. Rockaway South GP, LLC, a .005 percent owner of Rockaway South, LP, is 51 percent controlled by WIN Supportive Housing Corp., the sole member of which is Win Far Rockaway Housing Development Fund Corporation, and 49 percent controlled by Related South Rockaway, LLC.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

- (g) 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 percent member of Glenmore Housing GP, LLC. Glenmore Housing GP, LLC is .01 percent 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.

- (h) 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 percent owner of Colgate Close GP, LLC, a for-profit limited liability corporation. Colgate Close GP, LLC is .01 percent general partner of Colgate Close L.P.

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, Win Far Rockaway 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. Certain costs have been allocated among the program, management and general and fundraising categories based on the direct cost method and other methods.

(c) Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

(d) Cash and Cash Equivalents

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

At June 30, 2020, the Organization's cash accounts exceeded federally insured limits by approximately \$8,000,000.

(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.

(f) 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.

(g) 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.

(h) 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 years ended June 30, 2020 and 2019 and 2019.

(i) Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

(j) Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Gifts that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue without donor restrictions.

The contributions include contributions with donor restriction of \$212,500 and \$314,000 as of June 30, 2020 and 2019, respectively.

(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.

Included in program services are \$266,208 and \$234,212 of management fees earned by Win for providing management and fiscal services to affiliated entities in 2020 and 2019, respectively. Fees charged were equal to 8 percent of the gross rent receipts of the affiliated entities.

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) Revisions

An immaterial revision has been made to the 2019 financial statements to disclose the allowance for doubtful accounts on the related party receivables. This revision did not have a significant impact on the disclosures to the financial statements.

In addition, an immaterial revision has been made to the 2019 statements of financial position and cash flows to reflect advances from government sources net of government grant receivables due to a contractual right of offset. These revisions did not have a significant impact on the financial statement line items impacted.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Note 2: Change in Accounting Principle

During 2020, Win adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08 (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The core guidance in ASU 2018-08 is to clarify 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 adoption had no impact on changes in net assets.

Note 3: 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,	
	2020	2019
Federal	\$ 868,123	\$ 315,965
New York State	-	555,462
New York City	7,671,933	8,941,685
	8,540,056	9,813,112
Allowance for doubtful accounts	<u>(155,775)</u>	<u>(155,775)</u>
	<u>\$ 8,384,281</u>	<u>\$ 9,657,337</u>



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Note 4: Government Contract Reimbursement Future Commitments

Win receives its contract support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the contract agreements. Since the consolidated financial statements of the Win are prepared on the accrual basis, all portions of the contract not yet received as of June 30, 2020 where the Win has an unconditional right to payment have been recorded as receivables. The following are the contract commitments that extend beyond June 30, 2020:

Grant	Term	Grant Amount	Earned Through 2020	Available Funding
DHS Shelters	11/01/2017-6/30/2029	\$ 557,114,454	\$ 168,498,915	\$ 388,615,539
Supportive Housing	01/01/2016-6/30/2024	<u>12,664,424</u>	<u>2,765,565</u>	<u>9,898,859</u>
Total		<u>\$ 569,778,878</u>	<u>\$ 171,264,480</u>	<u>\$ 398,514,398</u>

The contract agreements include certain clauses that allow them to be terminated in whole or in part by the granting agency as well as Win.

Note 5: Loans 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 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 percent to be compounded and due annually commencing October 22, 2015. As of June 30, 2020 and 2019, \$590,000 of principal, and \$85,218 and \$65,828 of interest, respectively, was due from Win 118th Street L.P. Interest income earned for the years ended June 30, 2020 and 2019 was \$16,941 and \$16,510, 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, 2020 and 2019

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 percent. The \$1,050,000 was repaid in July 2019.

Note 6: Property and Equipment

Property and equipment consist of the following:

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Land	\$ 915,000	\$ 915,000
Buildings	1,313,453	1,313,453
Building improvements	773,468	773,468
Leasehold improvements	5,665,984	5,566,879
Furniture and fixtures	7,955,028	6,654,446
Vehicles	934,838	892,640
Construction in progress	<u>364,436</u>	<u>222,487</u>
	17,922,207	16,338,373
Less accumulated depreciation and amortization	<u>(12,275,424)</u>	<u>(10,633,793)</u>
	<u>\$ 5,646,783</u>	<u>\$ 5,704,580</u>



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Note 7: Mortgage Notes Payable

Mortgage notes payable consist of the following:

Provider	Annual Interest Rate	Terms	Maturity Dates	June 30,	
				2020	2019
Federal HOME Grants Funds	0.0%	15 years	October 2017	\$ -	\$ 165,000
New York Housing Development Corp.	7.21%	26 years	July 2026	48,256	67,069
NYC Department of Housing Preservation and Development	1.0%	30 years	July 2030	<u>210,391</u>	<u>211,154</u>
				<u>\$ 258,647</u>	<u>\$ 443,223</u>

The Federal HOME Grants Funds loan was forgiven in February 2020.

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

2021	\$ 8,529
2022	6,168
2023	8,423
2024	8,985
2025	9,588
Thereafter	<u>216,954</u>
	<u>\$ 258,647</u>

Note 8: Loans Payable

The Organization had 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 was calculated using LIBOR plus 1.50 percent. There were no borrowings on the line. The Organization had granted a security interest, as defined, in certain assets. The line was closed in May 2020.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

During 2019, the Organization obtained short-term, interest-free bridge loan from the Fund for the City of New York totaling \$671,470 to cover operating expenses, pending receipt of funds from the New York City Department of Homeless Services. Additionally, the Organization received another loan during 2020 totaling \$680,298. Both loan balances were recouped from payments of current receivables upon registration of contracts and amendments. The balance outstanding as of June 30, 2020 and 2019 was \$0 and \$671,470, respectively.

In 2020, the Organization has a line of credit with Bank of America, N.A. (BOA) up to the amount of \$2,000,000 revolving line of credit. Interest-only payments are made on the unpaid principal on the sixteen of every month. The interest rate is calculated using LIBOR plus 1.50 percent.

The line is due to expire April 15, 2021. The Organization has also available from BOA a \$4,000,000 line to term. This is a non-revolving line of credit which turns into a term loan on the maturity date of January 17, 2021 (availability period). During the availability period, interest-only payments are made on the unpaid principal on the seventeenth of every month at an interest rate of LIBOR or 3.25 percent, whichever is greater. The Organization will repay the principal amount outstanding in equal installments starting February 17, 2021 through January 17, 2026 at an interest rate of 3.53 percent per year. The balance outstanding on the term loan as of June 30, 2020 and 2019 was \$1,000,000 and \$0, respectively. The Organization has granted a security interest, as defined, in certain assets.

During 2021, the Organization drew down the full \$4,000,000 available under the line to term which became a term loan.

The maturity of the term loan will be as follows:

2021	\$ 333,333
2022	800,000
2023	800,000
2024	800,000
2025	800,000
Thereafter	466,667
	<u>\$ 4,000,000</u>

Note 9: Letter of Credit

In connection with a lease agreement (*Note 15*), in January 2019, the Organization entered into a letter of credit agreement in the amount of \$344,948 with Bank of America, N.A. (BOA) to be used as a security deposit. Interest is charged at 0.03 percent and is collateralized by the Organization's account at BOA. The letter of credit has an initial expiration date of March 1, 2020 and will automatically renew itself for one-year terms until the final maturity date of March 1, 2030. Interest expense was \$169 and \$298 in 2020 and 2019, respectively.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Note 10: Developer Fees

In 2019, Win began providing services to both Win Glenmore Housing Development Fund Corporation and Win 118th Street Housing Development Fund Corporation during the development of their projects. The services provided entitles them to a fee of 20 percent of the total development fee from Glenmore Housing Association, LLC and 100 percent of the developer fee from Win 118th Street LP. In 2019, Win recorded development fees of \$1,855,000 from Glenmore Housing Association, LLC and \$642,499 from Win 118th Street LP in 2019.

Additionally, Win received \$100,000 of developer fees in 2020 from the Far Rockaway project.

Note 11: Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose		
Program expenditures*	\$ 732,383	\$ 329,512
IT support	340,627	-
Scholarships	40,000	-
Subject to the passage of time		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	212,500	314,000
Endowments		
Subject to NFP endowment spending policy and appropriation		
General use	<u>150,000</u>	<u>150,000</u>
	<u>\$ 1,475,510</u>	<u>\$ 793,512</u>



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2020</u>	<u>2019</u>
Satisfaction or purpose restrictions		
Program expenditures*	\$ 1,586,429	\$ 1,356,744
IT support	<u>479,573</u>	<u>-</u>
Total	<u>\$ 2,066,002</u>	<u>\$ 1,356,744</u>

* Provision of housing and social services.

Note 12: 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 2020 and 2019, the value of contributed legal services recognized as revenues and expenses in the accompanying consolidated financial statements was \$1,333,823 and \$1,869,939, respectively.

Note 13: 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 percent of employees' contributions after two years of employment. The Organization made a contribution of \$237,205 in 2020 and \$227,297 in 2019. Participants' voluntary contributions and the Organization's contributions are fully vested at all times.

Note 14: Concentrations

Approximately 95 percent in 2020 and 2019 of the Organization's revenues arise from contracts with the City of New York (primarily with the Department of Homeless Services) as well as approximately 90 percent due from government agencies for 2020 and 2019. Overall, 88 percent in 2020 and 86 percent in 2019 of the Organization's revenues come from federal, state and city contracts.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Note 15: Commitments and Contingencies

- (1) The Organization leases space at various sites throughout New York City under lease agreements expiring between 2020 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 June 30,</u>	
2021	\$ 22,238,122
2022	19,421,605
2023	16,997,729
2024	9,168,633
2025	9,193,984
Thereafter	<u>13,383,859</u>
	<u>\$ 90,403,932</u>

Rent expense for fiscal years 2020 and 2019 was \$27,133,247 and \$26,809,050, respectively.

- (2) The Organization is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Organization. Events could occur that would change this estimate materially in the near term.
- (3) The Organization is responsible for reporting to and is regulated by various third parties, among which is 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.
- (4) In connection with 118 HDFC’s purchase of property located at West 118th Street, New York, NY, from the City of New York (NYC), which was utilized by Win 118th Street LP to generate Low Income Housing Tax Credits (LIHTC) through the development of a 35-unit, multi-family apartments, an enforcement note was signed by both the HDFC & LP indicating that should the LIHTC project not be in compliance with its regulatory agreement, the HDFC and LP would be jointly liable for an enforcement loan in the amount of \$600,000, payable to NYC. No funds were received in connection with this enforcement loan, and there is no amount due unless there is non-compliance. No amounts have been recorded in the financial statements for this loan.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Note 16: Endowment Funds

The Organization’s governing body is subject to the State of New York Prudent Management of Institutional Funds Act (NYPMIFA). As a result, the Organization classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures.

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

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

The Organization’s endowment consists of a fund established by a donor to provide income to be used for any appropriate charitable purpose. As required by GAAP, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Win’s donor-restricted endowment fund 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.

The composition of net assets by type of endowment fund at June 30, 2020 and 2019, was:

	With Donor Restrictions	
	2020	2019
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	<u>\$ 150,000</u>	<u>\$ 150,000</u>



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Change in endowment net assets for the years ended June 30, 2020 and 2019 were:

	With Donor Restrictions	
	2020	2019
Endowment net assets, beginning of year	\$ 150,000	\$ 150,000
Investment return, net	303	302
Appropriation of endowment assets for expenditures	<u>(303)</u>	<u>(302)</u>
Endowment net assets, end of year	<u>\$ 150,000</u>	<u>\$ 150,000</u>

Investment and Spending Policies

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 donor-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 percent 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 donor-restricted investment income appropriated in the year earned as net assets with donor restrictions and then released from restrictions.

Underwater Endowments

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, 2020 and 2019

Note 17: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020 and 2019, comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents	\$ 12,883,332	\$ 6,587,925
Due from government agencies	8,384,281	9,657,337
Due from related parties - net	2,562,849	2,253,827
Contributions receivable - due within one year	934,939	1,126,380
Other assets	400,696	243,044
Loans receivable	-	1,050,000
	<u>25,166,097</u>	<u>20,918,513</u>
Donor-imposed restrictions		
Restricted funds	1,325,510	643,512
Endowments	<u>150,000</u>	<u>150,000</u>
	<u>1,475,510</u>	<u>793,512</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 23,690,587</u>	<u>\$ 20,125,001</u>

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Note 18: Related-Party Transactions

As of June 30, 2020 and 2019, the following balances were included in due to related parties - net, on the consolidated statement of financial position:

	<u>2020</u>	<u>2019</u>
Win 118th Street L.P. - receivable	\$ 831,424	\$ 651,369
Win Far Rockaway HDFC - receivable	250	1,320
Win 91st Street LLC - payable	-	(11,374)
Glenmore Housing Associates, LLC - receivable	<u>1,921,044</u>	<u>1,831,636</u>
	2,752,718	2,472,951
Allowance for doubtful accounts	<u>(189,869)</u>	<u>(219,124)</u>
	<u>\$ 2,562,849</u>	<u>\$ 2,253,827</u>

During 2020 and 2019, respectively, Win recorded management fee income of \$41,573 and \$34,129 from Win 118th Street LP and \$224,635 and \$190,956 from Glenmore Housing Associates, LLC.

Note 19: Subsequent Events

Subsequent events have been evaluated through March 15, 2021, which is the date the consolidated financial statements were available to be issued.

Note 20: Future Changes in Accounting Principles

Accounting for Leases

FASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards.



Breaking the Cycle of Homelessness
for Women and their Children

Women In Need, Inc.
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021 for nonpublic entities and any interim periods within annual reporting periods that begin after December 15, 2022. The Organization is evaluating the effect the standard will have on the financial statements; however, the standard is expected to have a material effect on the financial statements due to the recognition of additional assets and liabilities for operating leases.