



DOWNTOWN **WOMEN'S** CENTER  
Homelessness ends here.

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**CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014  
WITH SUMMARY COMPARATIVE INFORMATION FOR 2013**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Downtown Women's Center:

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Downtown Women's Center (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2014, 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 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 Downtown Women's Center as of December 31, 2014, 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.

### **Report on Summarized Comparative Information**

We have previously audited the Downtown Women's Center 2013 consolidated financial statements, and our report dated June 17, 2014 expressed an unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited consolidated financial statements from which it was derived.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as whole. The supplementary schedules, which include the consolidating statements, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Winder, Inc.*

Long Beach, California

June 22, 2015

**DOWNTOWN WOMEN'S CENTER**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2014 WITH COMPARATIVE TOTALS FOR 2013**

**ASSETS**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 120,814			\$ 120,814	\$ 196,398
Investments	1,783,836	\$ 372,374	\$ 1,000,000	3,156,210	3,041,020
Accounts receivable, net	447,897			447,897	293,885
Promises to give, net	405,344	446,731		852,075	1,116,175
Prepays and other assets	89,071			89,071	68,756
Restricted cash	1,125,232			1,125,232	983,468
Property and equipment, net	<u>27,277,244</u>	<u>5,480,000</u>		<u>32,757,244</u>	<u>33,516,999</u>
<b>TOTAL ASSETS</b>	<u>\$ 31,249,438</u>	<u>\$ 6,299,105</u>	<u>\$ 1,000,000</u>	<u>\$ 38,548,543</u>	<u>\$ 39,216,701</u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable and accrued expenses	\$ 282,547			\$ 282,547	\$ 243,309
Line of credit	675,000			675,000	180,000
Loans payable	<u>19,798,338</u>			<u>19,798,338</u>	<u>19,970,838</u>
Total Liabilities	<u>20,755,885</u>			<u>20,755,885</u>	<u>20,394,147</u>

**COMMITMENTS AND CONTINGENCIES**

(Notes 9 and 10)

<b>NET ASSETS</b>	<u>10,493,553</u>	<u>\$ 6,299,105</u>	<u>\$ 1,000,000</u>	<u>17,792,658</u>	<u>18,822,554</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 31,249,438</u>	<u>\$ 6,299,105</u>	<u>\$ 1,000,000</u>	<u>\$ 38,548,543</u>	<u>\$ 39,216,701</u>

See Independent Auditors' Report  
The accompanying notes are an integral part of these consolidated financial statements.

**DOWNTOWN WOMEN'S CENTER**

**CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014  
WITH COMPARATIVE TOTALS FOR 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2014</u>	<u>Total 2013</u>
<b>SUPPORT AND REVENUES:</b>					
Support:					
Grant income	\$ 1,023,075	\$ 1,201,115		\$ 2,224,190	\$ 2,161,688
Contributions	822,440	1,760		824,200	682,728
Capital campaign	14,654	300		14,954	128,859
Special event income (net of direct expense of \$153,226 and \$104,045)	739,072			739,072	548,887
In-kind support	1,080,092			1,080,092	872,752
Debt forgiveness	<u>172,500</u>			<u>172,500</u>	<u>172,500</u>
Total Support	<u>3,851,833</u>	<u>1,203,175</u>		<u>5,055,008</u>	<u>4,567,414</u>
Other Revenues:					
Interest and dividends	63,877			63,877	65,783
Net gain on investments	102,386			102,386	347,536
Rental income	861,147			861,147	855,850
Social enterprise income	242,938			242,938	225,285
Other revenues	13,666			13,666	15,783
Net assets released from restrictions	<u>1,272,924</u>	<u>( 1,272,924)</u>			
Total Other Revenues	<u>2,556,938</u>	<u>( 1,272,924)</u>		<u>1,284,014</u>	<u>1,510,237</u>
Total Support and Other Revenues	<u>6,408,771</u>	<u>( 69,749)</u>		<u>6,339,022</u>	<u>6,077,651</u>
<b>EXPENSES:</b>					
Program services	5,850,237			5,850,237	5,516,315
Fund-raising	689,447			689,447	660,299
Management and general	<u>829,234</u>			<u>829,234</u>	<u>712,302</u>
Total Expenses	<u>7,368,918</u>			<u>7,368,918</u>	<u>6,888,916</u>
<b>CHANGE IN NET ASSETS</b>	<b>( 960,147)</b>	<b>( 69,749)</b>		<b>( 1,029,896)</b>	<b>( 811,265)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>11,453,700</u>	<u>6,368,854</u>	<u>\$ 1,000,000</u>	<u>18,822,554</u>	<u>19,633,819</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 10,493,553</u>	<u>\$ 6,299,105</u>	<u>\$ 1,000,000</u>	<u>\$ 17,792,658</u>	<u>\$ 18,822,554</u>

See Independent Auditors' Report

The accompanying notes are an integral part of these consolidated financial statements.

**DOWNTOWN WOMEN'S CENTER**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2014  
WITH COMPARATIVE TOTALS FOR 2013**

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total 2014</u>	<u>Total 2013</u>
Salaries	\$ 2,338,024	\$ 429,862	\$ 167,040	\$ 2,934,926	\$ 2,751,322
In-Kind - Program Supplies	964,061			964,061	857,752
Benefits	566,390	101,743	46,826	714,959	574,577
Utilities and Telephone	415,028	21,413	60,377	496,818	494,944
Consulting	91,945	14,681	188,452	295,078	388,190
Store Expenses	125,515	13,944		139,459	120,944
Day Center	118,688			118,688	128,742
In-Kind - Professional Services	46,157	8,505	61,369	116,031	10,000
Repairs and Maintenance	96,569	3,399	14,402	114,370	101,037
Insurance	85,145	4,538	11,438	101,121	87,315
Technology	61,268	15,820	6,378	83,466	80,834
Bank Charges			59,291	59,291	47,711
Printing	37,191	19,547	1,854	58,592	51,219
Residence	56,183			56,183	55,531
Travel and Transportation	46,948	3,247	2,203	52,398	34,173
Miscellaneous	33,387	7,887	6,825	48,099	61,435
Clinical Health Services	47,929			47,929	43,151
Interest Expense			45,112	45,112	39,647
Accounting and Legal			38,625	38,625	34,010
Office Supplies	23,997	4,657	3,598	32,252	42,872
Staff Training	18,183	2,730	1,816	22,729	45,585
Postage	6,354	3,943	1,405	11,702	7,926
Taxes, Licenses, Permits	5,648	263	2,132	8,043	14,760
Promotion and Awareness	5,944	1,486		7,430	4,719
Bad Debt Expense			5,801	5,801	15,776
Total expenses before depreciation	<u>5,190,554</u>	<u>657,665</u>	<u>724,944</u>	<u>6,573,163</u>	<u>6,094,172</u>
Depreciation	<u>659,683</u>	<u>31,782</u>	<u>104,290</u>	<u>795,755</u>	<u>794,744</u>
2014 Total expenses	<u>\$ 5,850,237</u>	<u>\$ 689,447</u>	<u>\$ 829,234</u>	<u>\$ 7,368,918</u>	
2013 Total expenses	<u>\$ 5,516,315</u>	<u>\$ 660,299</u>	<u>\$ 712,302</u>		<u>\$ 6,888,916</u>
Percentage of total expenses:					
2014	80%	9%	11%	100.0%	
2013	80%	10%	10%		100.0%

See Independent Auditors' Report

The accompanying notes are an integral part of these consolidated financial statements.



**DOWNTOWN WOMEN'S CENTER**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>For the Year Ended</b>	
	<b>December 31,</b>	
	<u><b>2014</b></u>	<u><b>2013</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	(\$ 1,029,896)	(\$ 811,265)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Stock donations received	( 100,653)	( 50,088)
Unrealized and realized gain on investments	( 13,631)	( 347,536)
Forgiveness of loan	( 172,500)	( 172,500)
Capital campaign activities	( 14,654)	134,604
Depreciation	795,755	794,744
Changes in:		
Accounts receivable	( 154,012)	52,446
Promises to give, net	( 70,890)	( 128,859)
Prepays and other assets	( 20,315)	( 12,554)
Restricted cash	( 141,764)	( 141,839)
Accounts payable and accrued expenses	39,238	( 482,119)
Net Cash Used In Operating Activities	<u>( 883,322)</u>	<u>( 1,164,966)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	466,057	832,950
Purchases of investments	( 466,963)	( 816,677)
Purchase of property and equipment	( 36,000)	( 31,824)
Net Cash Provided By (Used In) Investing Activities	<u>( 36,906)</u>	<u>( 15,551)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loans		529,528
Net change in line of credit	495,000	180,000
Capital campaign, net of fund-raising	349,644	244,364
Net Cash Provided By Financing Activities	<u>844,644</u>	<u>953,892</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	( 75,584)	( 226,625)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>196,398</u>	<u>423,023</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 120,814</u>	<u>\$ 196,398</u>

See Independent Auditors' Report

The accompanying notes are an integral part of these consolidated financial statements.

## **DOWNTOWN WOMEN'S CENTER**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014**

#### **NOTE 1 – Organization and Purpose**

The mission of the Downtown Women's Center (DWC) is to provide permanent supportive housing and a safe and healthy community fostering dignity, respect, and personal stability, and to advocate ending homelessness for women.

Founded in 1978, DWC is the only organization in Los Angeles exclusively dedicated to addressing the needs of women overcoming poverty and homelessness in Skid Row. DWC has become a nationally recognized model because its wraparound services fulfill immediate and critical needs, while providing more intensive and long-term solutions to ending homelessness for women. The organization reaches 4,000 women annually and provides a wide array of resources all in one place to remove barriers to accessing support, including:

- **Basic Needs & Resources:** For women living on the streets or in night-to-night shelters, DWC's Day Center provides warm meals and other essential services such as access to phones, mail, laundry, and showers.
- **Housing & Housing Services:** With 119 units of permanent supportive housing in two Residences, DWC is one of the largest housing centers for women in the nation and continues to create innovative and successful housing models focused on ending women's homelessness.
- **Health & Well-Being:** DWC offers counseling, medical care, mental health services, preventive screenings, and enrichment activities focused on overall health and social connectedness.
- **Job Readiness & Employment:** DWC offers education, job readiness, and employment placement resources aimed at breaking the cycles of unemployment and homelessness, along with two innovative social enterprise boutiques through which job training opportunities are provided.
- **Veterans Program:** DWC is the only local program working exclusively with female veterans and their children, offering case management, federal housing vouchers, and supportive services.
- **Public Education & Volunteer Program:** DWC conducts outreach and public education efforts on the root causes of and solutions to women's homelessness along with engaging over 5200 individuals to volunteer their time to support DWC's direct service, fund-raising, and advocacy efforts.

## **DOWNTOWN WOMEN'S CENTER**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014**

#### **NOTE 1 – Organization and Purpose (Continued)**

- **Measuring Impact:** DWC is measuring how it moves the needle on ending the cycle of homelessness, so that the organization can continue to offer unique and successful programs and share their practices with the community.

DWC serves homeless, formerly homeless, and extremely low-income women who participate in program offerings at the DWC Day Center as well as the formerly homeless women who live in the DWC Residences. The women reflect the multi-ethnic diversity of Los Angeles and come from a variety of backgrounds. Many are dealing with the effects of extreme stress and difficulty of life on the streets. Almost one hundred percent of them live significantly below the poverty line with little or no income, and the majority are overcoming histories of domestic violence and sexual assault, physical and mental illness, major depression and trauma, and/or long-term homelessness.

In 2014, the following milestones were achieved; DWC:

- provided over 110,000 meals to those in need;
- created a safe oasis for 4,000 women and a permanent supportive home for 119 formerly homeless women;
- provided nearly 8,000 case management sessions to ensure that each woman has an individualized service plan tailored to her needs;
- offered basic medical care, mammograms, and women's health services, HIV screenings, and physical and mental health assessments to 900 women through Skid Row's only women's Medical and Mental Health Center;
- assisted nearly 1,000 women with education and job readiness resources through the Learning Center and computer lab; classes in computer skills, literacy, and math; and academic and vocational counseling;
- placed 44 women in employment opportunities;
- provided 20,000 showers, along with day rest beds, changes of clothing, laundry, phone, and mail services in the drop-in Day Center;
- placed 26 female veterans and their children in housing;
- surpassed 25,000 annual volunteer hours and 5,200 volunteers;
- launched the first national convening on women's homelessness, entitled "1-in-4" to gather service providers, researchers, and policymakers to bring attention to this under-recognized group; and
- helped break the cycle of homelessness by ensuring that 95% of the women DWC houses stay housed permanently.

## **DOWNTOWN WOMEN'S CENTER**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014**

#### **NOTE 2 – Summary of Significant Accounting Policies**

##### ***Principles of Consolidation***

The Downtown Women's Center Housing, LLC (LLC), a wholly owned subsidiary of DWC, is a sole member California limited liability corporation formed to hold title to real estate and similar property purchased by DWC. The accompanying consolidated financial statements include DWC and the LLC (collectively, the Center). All material intercompany accounts and transactions have been eliminated upon consolidation.

##### ***Financial Statement Presentation***

The Center reports information regarding its financial position and activities according to three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) based upon the existence and nature of donor-imposed restrictions.

**Unrestricted Net Assets** – Net assets that are not subject to donor-imposed restrictions.

**Temporarily Restricted Net Assets** – Funds restricted based upon specific donor designations and, as such, are obligations the Center must fulfill. They include gifts for which donor-imposed restrictions have not been met and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted. These amounts are not available for unrestricted purposes.

**Permanently Restricted Net Assets** – Includes gifts and pledges which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. Such income generally includes interest, dividends, and realized and unrealized earnings from the invested corpus.

##### ***Comparative Totals***

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's consolidated financial statements for the year ended December 31, 2013, from which the summarized information was derived.

## **DOWNTOWN WOMEN'S CENTER**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014**

#### **NOTE 2 – Summary of Significant Accounting Policies (Continued)**

##### *Use of Estimates*

Management uses estimates and assumptions in preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the consolidated financial statements. Significant items subject to such estimates and assumptions include useful lives of property and equipment, the valuation of long-lived assets, investments, accounts receivable, and promises to give.

##### *Cash and Cash Equivalents*

For the purpose of the consolidated statement of cash flows, the Center considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

##### *Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statement of financial position. Realized gains and losses are computed as the difference between the beginning-of-year fair value, or cost for current year acquisitions, and sales proceeds. Unrealized gains and losses are the current year appreciation and depreciation in investments held at year-end. Unrealized gains and losses are included in the change in net assets in the consolidated statement of activities.

The Center's investments are exposed to various risks, such as market and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

**DOWNTOWN WOMEN'S CENTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 2 – Summary of Significant Accounting Policies (Continued)**

*Accounts Receivable*

Accounts receivable are stated at the amount the Center expects to collect from balances outstanding at year-end. The Center records a provision for bad debts at such time as collectability cannot be reasonably assured. At December 31, 2014, the provision recorded for doubtful accounts was \$41,780. There was no provision recorded for doubtful accounts as of December 31, 2013.

*Property and Equipment*

Purchased property and equipment are recorded at cost. Donated property and equipment is recorded at the estimated fair value at the date of donation. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the respective assets. Major improvements and replacements of property are capitalized. Maintenance, repairs, and minor improvements and replacements are expensed. Larger property donations for which there is a reasonable basis to measure value, and purchases over \$5,000, are capitalized and depreciated.

*Contributions*

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor's stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions, including endowment gifts and pledges, are recognized as support in the period received or pledged. Unconditional promises to give that are expected to be collected within one year are recorded at their 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. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

## **DOWNTOWN WOMEN'S CENTER**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014**

#### **NOTE 2 – Summary of Significant Accounting Policies (Continued)**

##### ***Legacies and Bequests***

The Center has been named a beneficiary in a number of bequests. Bequests are not recognized as support until all of the following conditions are met: the demise of the testator; the amount of the bequest is known; and the Center is certain that, based on the estate's net assets, the amount bequeathed is realizable and the probate court has declared the will valid.

##### ***Contributions In-Kind***

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

The Center recorded in-kind support totaling \$1,080,092 for donated food, clothing and household items, furnishings, equipment and holiday items and professional services during the year ended December 31, 2014. Donated volunteer services other than professional services are not reflected in the accompanying consolidated financial statements; however, in 2014, more than 5,200 volunteers donated 25,000 hours valued at an estimated \$580,000. (The value of volunteer time is calculated by The Independent Sector based on the average hourly earnings of all production and non-supervisory workers on private non-farm payrolls - as determined by the Bureau of Labor Statistics - and increased by 12 percent to estimate for fringe benefits.)

##### ***Allocation of Functional Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and other activities based upon the relative benefit received.

## **DOWNTOWN WOMEN'S CENTER**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014**

#### **NOTE 2 – Summary of Significant Accounting Policies (Continued)**

##### ***Tax Status***

DWC is a nonprofit organization and, therefore, is not subject to federal or state income taxes under Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code. This exemption is for all income taxes except for those assessed on unrelated business income, of which there is none.

The LLC is a limited liability corporation and has elected to be treated as a partnership for federal income tax purposes and, accordingly, the income or loss of the LLC will be recorded on the return of its member. The LLC is exempt from California franchise tax under California Revenue and Taxation code 23701. As a result, no provision for income tax has been recorded on these consolidated financial statements.

The Center recognizes the financial statement benefit of tax positions, such as its filing status as tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Center is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California purposes is four years.

##### ***Subsequent Events***

The Center has evaluated subsequent events through June 22, 2015, the date the consolidated financial statements were available to be issued for the year ended December 31, 2014.



**DOWNTOWN WOMEN'S CENTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 3 – Restricted Cash**

The Center is required under terms of various notes payable agreements to maintain reserves for property maintenance, operating expense shortfalls, or any discontinuance of rent subsidies received by the Center. The funds are required to be held in an interest-bearing account, earnings retained, and are not available for current use.

Restricted cash balances as of December 31, 2014 consist of the following:

<u>Lender</u>	<u>Reserve Requirements</u>	<u>Reserve Purpose</u>	<u>Amount</u>
MHP	\$850 per unit at the San Pedro Street Home	Replacement	\$ 183,674
Housing Authority	\$607 per unit at the Los Angeles Street Home or amounts required by senior financing	Replacement	<u>27,328</u>
			<u>211,002</u>
MHP	\$150,237 initial funding, plus annual operating surpluses	Operating	<u>168,107</u>
MHP	\$504,806, plus annual funding of \$80,000 until the reserve reaches \$1,027,900	Transition	<u>746,123</u>
Total Restricted Cash for Lender Reserves			<u>\$ 1,125,232</u>

The Home Funds and CRA notes payable agreements (as described in Note 9) also contain provisions for replacement, operating and transition reserves. The agreements require minimum funding equal to or less than the MHP required reserves and additional funding only in periods of cash flow in excess of operating expenses.

**DOWNTOWN WOMEN’S CENTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 4 – Investments**

Investments at December 31, 2014 consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
Fixed income	\$ 1,124,069	\$ 1,099,117
Equities	<u>1,644,382</u>	<u>2,057,093</u>
	<u>\$ 2,768,451</u>	<u>\$ 3,156,210</u>

**NOTE 5 – Fair Value Hierarchy**

The Center uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the Center’s various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows.

Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Center groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Center has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

**DOWNTOWN WOMEN'S CENTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 5 – Fair Value Hierarchy (Continued)**

The Center's valuation techniques for assets and liabilities recorded at fair value are as follows:

Investments – The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the investment.

The following table presents assets at December 31, 2014 that are measured at fair value on a recurring basis:

	<b>Fair Value Measurements at Reporting Date</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Investments				
Fixed income	\$ 1,099,117			\$ 1,099,117
Equities	<u>2,057,093</u>			<u>2,057,093</u>
Total	<u>\$ 3,156,210</u>	<u>None</u>	<u>None</u>	<u>\$ 3,156,210</u>

**NOTE 6 – Promises to Give**

The Center anticipates collection of outstanding pledges receivable at December 31, 2014 as follows:

Receivable in one year	\$ 746,413
Receivable in two to five years	<u>109,000</u>
	855,413
Less discount to present value	<u>( 3,338)</u>
Net unconditional promises to give	<u>\$ 852,075</u>

The discount rate used on long-term promises to give is 3%.

**DOWNTOWN WOMEN'S CENTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 7 – Property and Equipment**

Property and equipment at December 31, 2014 consists of the following:

		<u>Estimated Useful Lives</u>
Land	\$ 6,070,500	
Building and improvements	28,873,531	39.5 years
Furniture and equipment	718,202	5-20 years
Software and website	<u>36,000</u>	3 years
	35,698,233	
Less accumulated depreciation	( <u>2,940,989</u> )	
	<u>\$32,757,244</u>	

***San Pedro Street Home***

In February 2009, the city of Los Angeles donated land and a building (the San Pedro Street Home) to be used by the Center to expand program services. The six-story San Pedro Street Home is located at 434, 438, and 442 South San Pedro Street, Los Angeles, California. The Center completed the renovation of this building in December 2010, which provides seventy-one units of permanent, supportive, affordable housing, a drop-in day center, a social enterprise/job-training program, and the only medical and mental health clinic specializing in women's health on Skid Row. The completed rehabilitation created a new home for the Center and has resulted in a significant increase in both the housing offered and the number of women served by the Center.

In conjunction with the development of the San Pedro Street Home, an Agreement Containing Covenants Affecting Real Property was recorded by the city of Los Angeles restricting occupancy of the residential units for a period of at least 55 years to women who are homeless or at risk of homelessness and the total monthly rental charges affordable to persons at the very low income level or below. The Center reports the land value for the San Pedro Street Home as a temporarily restricted asset due to the nature of this restriction on use imposed at the time of donation.

**DOWNTOWN WOMEN'S CENTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 7 – Property and Equipment (Continued)**

*Los Angeles Street Home*

Also included in buildings and improvements are costs relating to the Center's renovation of its Los Angeles Street Home located at 325 and 333 Los Angeles Street, Los Angeles, California, which was completed in November 2012. The renovation of the facility includes an additional forty-eight residential units and serves chronically homeless women, providing a pathway out of homelessness and into personal stability. As part of the renovation project, the Center also opened the MADE by DWC Resale Boutique providing quality products for sale to the Los Angeles community while providing on-the-job vocational education and training to the women that it serves.

**NOTE 8 – Line of Credit**

The Center has a line of credit agreement with a bank whereby it may borrow up to \$1,500,000 at the greater of 1.00% per year or the bank's prime rate minus 0.5% (2.75%). The line of credit commitment expires September 2015. At December 31, 2014, the balance outstanding on the line of credit was \$675,000.

**NOTE 9 – Loans Payable**

Loans payable at December 31, 2014 consists of the following:

CRA Permanent Loan	\$ 2,760,000
Housing Authority Loan – San Pedro Street Home	2,000,000
Housing Authority Loan – Los Angeles Street Home	1,395,282
Home Fund Loan	4,847,914
AHP Loan – San Pedro Street Home	420,000
AHP Loan – Los Angeles Street Home	390,000
MHP Loan	<u>7,985,142</u>
	<u>\$ 19,798,338</u>

## **DOWNTOWN WOMEN'S CENTER**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014**

#### **NOTE 9 – Loans Payable (Continued)**

The Center has entered into construction and permanent loan agreements with various lending and government entities. The City of Los Angeles Community Redevelopment Agency (CRA) loaned the Center \$950,000 (CRA Preconstruction Loan) for predevelopment costs associated with the development of a new site in 2010. Subsequent to the acquisition of the property, the CRA agreed to provide additional construction and permanent financing up to \$3,450,000 (CRA Permanent Loan) inclusive of the CRA Preconstruction Loan. The loan is secured by a second lien deed of trust, subordinate to the MHP loan on the San Pedro Street Home property and rights to plans with interest at 3%. Interest and principal payments are to be repaid in annual installments in the form of service credits, as defined by the agreement, for a period of twenty years. DWC has recognized a service credit as debt forgiveness in the accompanying statement of activities in the amount of \$172,500 for the year ended December 31, 2014. While the Los Angeles Housing and Community Investment Department, which is managing all CRA loans, has not formally approved the payment, management believes they have fulfilled the requisite duties outlined in the agreement to earn the service credit for the year ended December 31, 2014. At December 31, 2014, the CRA Permanent Loan balance was \$2,760,000.

In June 2009, the Center obtained financing from the Housing Authority of the County of Los Angeles (Housing Authority). The Housing Authority agreement provides for advances up to \$2,000,000 (Housing Authority San Pedro Street Home Loan), secured by a fourth-lien position deed of trust on the San Pedro Street Home property, subject to interest at 3%. Interest and principal repayments are due to the Housing Authority at 6.74% of residual receipts as defined by the agreement, of the leasing activities for the property payable through March 2065. It is not anticipated that the Center will have any residual receipts on the operation of the San Pedro Street Home that will activate the requirement to make cash repayments on the Housing Authority San Pedro Street Home Loan. At December 31, 2014, the Housing Authority San Pedro Street Home Loan balance was \$2,000,000.

In March 2012, the Center obtained financing from the Housing Authority. The Housing Authority agreement provides for advances up to \$1,395,282 (Housing Authority Los Angeles Street Home Loan), secured by a deed of trust on the Los Angeles Street Home property, subject to interest at 3%. Principal repayments are to be made in annual installments of 50% of residual receipts, as defined by the agreement, for the operating year that is two years earlier through June 1, 2066. It is not anticipated that the Center will have any residual receipts on the operation of the Los Angeles Street Home that will activate the requirement to make cash repayments on the Housing Authority Los Angeles Street Home Loan. At December 31, 2014, the outstanding balance was \$1,395,282.

## **DOWNTOWN WOMEN'S CENTER**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014**

#### **NOTE 9 – Loans Payable (Continued)**

The Center has a note payable to the City of Los Angeles Home Fund (Home Fund Loan). The Home Fund Loan is secured by a third-lien position deed of trust on the San Pedro Street Home property, subject to interest at 5%. Interest and principal repayments are due to the city of Los Angeles at 26.92% of the residual receipts of the project as defined by the agreement, payable through June 2066. It is not anticipated that the Center will have any residual receipts on the operation of the San Pedro Street Home that will activate the requirement to make cash payments on the Home Fund Loan. At December 31, 2014, the Home Fund Loan balance was \$4,847,914.

The Center has obtained financing from the Federal Home Loan Bank Affordable Housing program (AHP Loan – San Pedro Street Home) to finance construction on the San Pedro Street Home. The loan is secured by a deed of trust with assignment of rents, security agreement and fixture filing and is subordinate to the MHP, CRA Preconstruction and Permanent Loans, Housing Authority Loan, and Home Fund Loan. The loan will be forgiven in November 2026 upon the Center fulfilling the restricted use requirements as defined in the agreement. At December 31, 2014, the AHP Loan – San Pedro Street Home balance was \$420,000.

In October 2013, the Center obtained financing from the Federal Home Loan Affordable Housing Program (AHP Loan – Los Angeles Street Home) for renovations at its Los Angeles Street Home. The loan is secured by a deed of trust with assignment of rents, security agreement, fixture filing and is subordinate to the Housing Authority Los Angeles Street Home Loan. The loan will be forgiven in November 2027 upon the Center fulfilling the restricted use requirements as defined in the agreement. At December 31, 2014, the loan balance was \$390,000.

In March 2012, the Center received proceeds in the amount of \$7,985,142 from the California Department of Housing and Community Development's Multifamily Housing Program (MHP), of which \$6,716,686 was used to fund repayment of a bank construction loan balance and related accrued interest. The MHP loan is secured by a first-lien position deed of trust and assignment of rents on the San Pedro Street Home. The loan is subject to interest at 3% per annum and matures March 2067. The Center is required to make payments in an amount equal to the lesser of the full amount of interest accruing on the unpaid principal amount advanced for the preceding 12-month period, or the amount determined by MHP, to be necessary to cover the costs of continued monitoring of the compliance of the Center's MHP Program. These payments are required should the Center have net cash flow as described in the agreement. It is not anticipated that the Center will have net cash flow from operations. In addition, the Center must make annual payments equal to .42% of the principal balance. Annual payments for the year ended December 31, 2014 were \$33,538.

**DOWNTOWN WOMEN'S CENTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 9 – Loans Payable (Continued)**

Certain loans payable contain provisions for interest accrual and payment should the Center generate residual receipts or net cash flow from operations. The Center does not anticipate generating income from operations requiring repayment of the accrued interest, but future repayment is reasonably possible.

Contingent interest payable associated with the forgivable debt as of December 31, 2014 is summarized below:

CRA Preconstruction and Permanent Loans	\$ 437,126
Housing Authority-San Pedro Street Home Loan	294,943
Housing Authority-Los Angeles Street Home Loan	93,768
Home Fund Loan	1,131,745
MHP Loan	<u>567,118</u>
Total contingent interest payable	<u>\$ 2,524,700</u>

**NOTE 10 – Commitments**

*Operating Leases*

The Center leases certain office equipment under operating leases expiring at various dates through February 2020. Future minimum rental payments are as follows:

<b><u>Year Ending December 31,</u></b>	
2015	\$ 27,520
2016	28,239
2017	28,239
2018	28,239
2019	28,239
Thereafter	<u>2,355</u>
	<u>\$ 142,831</u>



**DOWNTOWN WOMEN'S CENTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 11 – Rental Subsidy**

The Center entered into an agreement with the Housing Authority that provides a rental subsidy to the Center for select units in its San Pedro Street Home through December 2025. The Housing Authority distributes funding provided by Federal Housing and Urban Development (HUD). The Housing Authority provides housing assistance payments (HAP) for units designated for families receiving supportive services. There are currently 66 units that are designated for use of HAP recipients. During the year ended December 31, 2014, the Center received \$575,315 in HAP payments.

**NOTE 12 – Retirement Plan**

The Center has a defined contribution retirement plan covering all eligible employees with two years of service. One percent of employee deferrals are matched 50% by the Center. The Center's contributions to the plan totaled \$7,843 during the year ended December 31, 2014.

**NOTE 13 – Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2014 are summarized as follows:

Building fund	\$ 5,480,000
Basic needs and services	266,667
Clinical health services fund	257,315
Residence fund	102,917
Education and workforce development	92,500
Other	72,463
Volunteer services	<u>27,243</u>
	<u>\$ 6,299,105</u>

## **DOWNTOWN WOMEN'S CENTER**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2014**

#### **NOTE 14 – Permanently Restricted Net Assets**

Permanently restricted net assets at December 31, 2014 consist of a permanent endowment of \$1,000,000 with investment income restricted for general operations of Project Home (“San Pedro Street Home Operations”), per the donor’s instructions.

The Center’s management and Board of Directors understand California State law as (1) requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on permanently restricted endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

The primary long-term financial objective for the Center’s endowment funds is to preserve the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of portfolio management. The endowment funds are also managed to optimize the long-term total rate of return on invested assets, assuming a prudent level of risk. The Board of Directors of the Center has established a spending policy that distributes a specific payout rate of the endowment base. The endowment base is defined as a three-year moving average of the market value of the endowment portfolio. The distribution or payout rate is calculated at a specific fixed percentage (5%) of the base. Funds not withdrawn in any one year will continue to be available in subsequent years. Disbursements from the Project Home fund are limited to earnings from the fund each year.

**DOWNTOWN WOMEN'S CENTER**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**NOTE 14 – Permanently Restricted Net Assets (Continued)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>ENDOWMENT NET ASSET COMPOSITION BY TYPE OF FUND AT DECEMBER 31, 2014:</b>				
Donor restricted	<u>None</u>	<u>None</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
<b>CHANGES IN ENDOWMENT NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2014:</b>				
Endowment net assets, beginning of year			\$ 1,000,000	\$ 1,000,000
Investment earnings		\$ 38,562		38,562
Appropriation for expenditure	<u>                    </u>	<u>( 38,562)</u>	<u>                    </u>	<u>( 38,562)</u>
Endowment net assets, end of year	<u>None</u>	<u>None</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

**NOTE 15 – Supplemental Disclosure of Cash Flow Information**

Cash paid during the year ended December 31, 2014 for:

Interest	\$ 45,112
Income taxes	None

**DOWNTOWN WOMEN'S CENTER**

**SUPPLEMENTARY INFORMATION  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2014**

	<u>DWC</u>	<u>LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 93,040	\$ 27,774		\$ 120,814
Investments	3,156,210			3,156,210
Accounts receivable, net	440,402	7,495		447,897
Promises to give, net	852,075			852,075
Prepays and other assets	89,071	25,743	(\$ 25,743)	89,071
Restricted cash	211,002	914,230		1,125,232
Property and equipment, net	5,578,791	27,178,453		32,757,244
Investment in LLC	<u>10,138,189</u>		<u>( 10,138,189)</u>	
<b>TOTAL ASSETS</b>	<u>\$ 20,558,780</u>	<u>\$ 28,153,695</u>	<u>(\$ 10,163,932)</u>	<u>\$ 38,548,543</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 305,840	\$ 2,450	(\$ 25,743)	\$ 282,547
Line of credit	675,000			675,000
Loans payable	<u>1,785,282</u>	<u>18,013,056</u>		<u>19,798,338</u>
Total Liabilities	<u>2,766,122</u>	<u>18,015,506</u>	<u>( 25,743)</u>	<u>20,755,885</u>
<b>NET ASSETS AND MEMBER'S EQUITY</b>				
Total Net Assets and Member's Equity	<u>17,792,658</u>	<u>10,138,189</u>	<u>( 10,138,189)</u>	<u>17,792,658</u>
<b>TOTAL LIABILITIES, NET ASSETS AND MEMBER'S EQUITY</b>	<u>\$ 20,558,780</u>	<u>\$ 28,153,695</u>	<u>(\$ 10,163,932)</u>	<u>\$ 38,548,543</u>

See Independent Auditors' Report

**DOWNTOWN WOMEN'S CENTER**

**SUPPLEMENTARY INFORMATION  
CONSOLIDATING STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>DWC</u>	<u>LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>SUPPORT AND REVENUES:</b>				
Support:				
Grant income	\$ 2,224,190			\$ 2,224,190
Contributions	824,200			824,200
Capital campaign	14,954			14,954
Special event income (net of direct expense of \$153,226)	739,072			739,072
In-kind support	1,080,092			1,080,092
Debt forgiveness		\$ 172,500		172,500
Total Support	<u>4,882,508</u>	<u>172,500</u>		<u>5,055,008</u>
Other Revenues:				
Interest and dividends	63,376	501		63,877
Net gain on investments	102,386			102,386
Rental income	861,097	758,295	(\$ 758,245)	861,147
Social enterprise income	242,938			242,938
Other revenues	13,661	5		13,666
Total Other Revenues	<u>1,283,458</u>	<u>758,801</u>	<u>( 758,245)</u>	<u>1,284,014</u>
Total Support and Other Revenues	<u>6,165,966</u>	<u>931,301</u>	<u>( 758,245)</u>	<u>6,339,022</u>
<b>EXPENSES:</b>				
Program services	5,337,155	1,271,327	( 758,245)	5,850,237
Fund-raising	659,919	29,528		689,447
Management and general	740,847	88,387		829,234
Total Expenses	<u>6,737,921</u>	<u>1,389,242</u>	<u>( 758,245)</u>	<u>7,368,918</u>
<b>CHANGE IN NET ASSETS AND MEMBER'S EQUITY</b>	<b>( 571,955)</b>	<b>( 457,941)</b>		<b>( 1,029,896)</b>
<b>EQUITY ADJUSTMENT TO LLC INVESTMENT</b>	<b>( 457,941)</b>		<b>457,941</b>	
<b>CONTRIBUTION OF CAPITAL</b>		<b>80,000</b>	<b>( 80,000)</b>	
<b>NET ASSETS AND MEMBER'S EQUITY, BEGINNING OF YEAR</b>	<u>18,822,554</u>	<u>10,516,130</u>	<u>( 10,516,130)</u>	<u>18,822,554</u>
<b>NET ASSETS AND MEMBER'S EQUITY, END OF YEAR</b>	<u>\$ 17,792,658</u>	<u>\$ 10,138,189</u>	<u>(\$ 10,138,189)</u>	<u>\$ 17,792,658</u>

See Independent Auditors' Report

**DOWNTOWN WOMEN'S CENTER**

**SUPPLEMENTARY INFORMATION  
CONSOLIDATING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>DWC</u>	<u>LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in net assets	(\$ 1,029,896)	(\$ 457,941)	\$ 457,941	(\$ 1,029,896)
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Stock donations received	( 100,653)			( 100,653)
Gain on investments	( 102,385)			( 102,385)
Equity adjustment in LLC	457,941		( 457,941)	
Forgiveness of loan		( 172,500)		( 172,500)
Capital campaign activities	( 14,954)			( 14,954)
Depreciation	164,811	630,944		795,755
Changes in:				
Accounts receivable	( 149,101)	( 4,911)		( 154,012)
Promises to give, net	55,425			55,425
Prepays and other assets	( 20,315)	18,155	( 18,155)	( 20,315)
Restricted cash	( 126,507)	( 15,257)		( 141,764)
Accounts payable and accrued expenses	<u>21,033</u>	<u>50</u>	<u>18,155</u>	<u>39,238</u>
Net Cash Used In Operating Activities	<u>( 844,601)</u>	<u>( 1,460)</u>	<u></u>	<u>( 846,601)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of investments	554,811			554,811
Purchases of investments	( 466,963)			( 466,963)
Purchase of property and equipment	( 36,000)			( 36,000)
Contribution of capital	<u>( 80,000)</u>		<u>80,000</u>	
Net Cash Provided By (Used In) Investing Activities	<u>( 28,152)</u>		<u>80,000</u>	<u>51,848</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net change in line of credit	495,000			495,000
Capital campaign, net of fund-raising	223,629			223,629
Contribution of capital		<u>80,000</u>	<u>( 80,000)</u>	
Net Cash Provided By Financing Activities	<u>718,629</u>	<u>80,000</u>	<u>(\$ 80,000)</u>	<u>718,629</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>( 154,124)</u>	<u>78,540</u>		<u>( 75,584)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>181,918</u>	<u>14,480</u>		<u>196,398</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 27,794</u>	<u>\$ 93,020</u>		<u>\$ 120,814</u>

See Independent Auditors' Report