

**WOMEN'S HOUSING AND ECONOMIC
DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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The Board of Directors
Women's Housing and Economic
Development Corporation

Independent Auditor's Report

Report on the Financial Statements

I have audited the accompanying financial statements of Women's Housing and Economic Development Corporation, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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

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effectiveness of the entity's internal control. Accordingly, I 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 financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Women's Housing and Economic Development Corporation as of December 31, 2015 and 2014, 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.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit requirements for Federal Awards*, is presented for the purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Board of Directors
Women's Housing and Economic
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 24, 2016, on my consideration of Women's Housing and Economic Development Corporation's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Women's Housing and Economic Development Corporation's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "August 24, 2016".

New York, New York
August 24, 2016

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

A S S E T S

	<u>2015</u>	<u>2014</u>
Current Assets		
Cash and cash equivalents	\$ 1,950,775	\$ 3,264,368
Short-term investments	1,474,119	378,112
Accounts receivable	1,937,926	1,402,381
Unconditional promises to give	831,635	725,261
Prepaid expenses	<u>63,265</u>	<u>46,868</u>
Total Current Assets	6,257,720	5,816,990
Fixed Assets, net of accumulated depreciation of \$941,612 in 2015 and \$708,621 in 2014	1,124,982	1,215,441
Other Assets		
Long-term unconditional promises to give	523,262	812,700
Investment-retirement plan	277,378	130,000
Security deposit	5,045	2,875
Investment in Urban Horizons	1,194,499	1,202,903
Developer's fee receivable - Urban Horizons II	1,380,039	1,456,706
Developer's fee receivable - Louis Nine	100,475	100,475
Loan receivable - Urban Horizons II	608,403	608,403
Predevelopment - Bronx Commons	339,768	160,746
Due from Urban Horizons	205,904	205,904
Due from affiliates	<u>698,910</u>	<u>590,247</u>
Total Other Assets	<u>5,333,683</u>	<u>5,270,959</u>
TOTAL ASSETS	<u>\$12,716,385</u>	<u>\$12,303,390</u>

The accompanying notes are an integral part of these financial statements

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
Current Liabilities		
Accounts payable	\$ 133,406	\$ 94,354
Accrued expenses	502,961	434,066
Due to providers	702,897	552,860
Contract advance	452,509	291,413
Loan payable, current	275,000	275,000
Tenants' security deposit	<u>6,285</u>	<u>6,285</u>
Total Current Liabilities	2,073,058	1,653,978
Long-Term Debt		
Deferred compensation	227,027	-
Loan payable, net of current portion	<u>25,000</u>	<u>50,000</u>
Total long-term debt	<u>252,027</u>	<u>50,000</u>
Total Liabilities	2,325,085	1,703,978
Net Assets		
Unrestricted	6,876,721	6,942,464
Temporarily restricted	1,689,710	1,823,675
Permanently restricted	<u>1,824,869</u>	<u>1,833,273</u>
Total Net Assets	<u>10,391,300</u>	<u>10,599,412</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$12,716,385</u>	<u>\$12,303,390</u>

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

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
UNRESTRICTED NET ASSETS		
Unrestricted Revenues		
Foundations	\$ 1,534,462	\$ 1,335,525
Individuals/Special events	206,779	266,331
Contracts and grants	15,927,884	14,363,811
Rental and other income	588,563	561,147
Donated services	245,539	195,937
Investment (loss) income	(24,505)	18,074
Total Unrestricted Revenues	18,478,722	16,740,825
Net assets released from restrictions satisfied by payments	977,610	360,000
Net Unrestricted Revenue	19,456,332	17,100,825
Expenses		
Program and Services		
Kitchen	182,604	205,482
Head Start	2,021,815	1,882,162
Family Support	524,477	589,521
Youth Services	2,673,087	1,682,525
Homebased Childcare	10,793,787	10,385,779
Housing development	952,860	567,289
Community development	676,555	508,971
Research and Evaluation	130,220	140,605
Management and general	1,367,574	1,187,056
Fundraising	199,096	218,639
Total Expenses	19,522,075	17,368,029
Decrease in unrestricted Net Assets	(65,743)	(267,204)

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

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

	<u>2015</u>	<u>2014</u>
TEMPORARILY RESTRICTED NET ASSETS		
Grant income for next year	1,058,083	1,260,975
Decrease in value of unconditional Promise to give	(214,438)	-
Expenditure of prior year grant funds and contract income	<u>(977,610)</u>	<u>(360,000)</u>
(Decrease) Increase in temporarily restricted assets	<u>(133,965)</u>	<u>900,975</u>
PERMANENTLY RESTRICTED ASSETS		
Loss from Urban Horizons I	<u>(8,404)</u>	<u>(7,040)</u>
Decrease in permanently restricted assets	<u>(8,404)</u>	<u>(7,040)</u>
(Decrease) Increase in Net Assets	(208,112)	626,731
Net Assets		
- Beginning of Year	<u>10,599,412</u>	<u>9,972,681</u>
Net Assets		
- End of Year	<u>\$10,391,300</u>	<u>\$10,599,412</u>

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

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Cash flows from operating activities:		
(Decrease) Increase in net assets	\$ (208,112)	\$ 626,731
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	232,991	207,422
Unrealized loss (gain) on investment	28,615	-
Decrease(Increase)in operating assets:		
Accounts receivable and pledge receivable	(352,481)	(320,254)
Prepaid expenses	(16,397)	(1,737)
Security deposit	(2,170)	(1,850)
Developer's fees receivable	76,667	230,000
Due from affiliate	(108,663)	(279,981)
Investment in Urban Horizons I	8,404	7,040
Increase (Decrease) in operating liabilities:		
Accounts payable	39,052	(6,440)
Accrued expenses	68,895	(289,685)
Due to providers	150,037	53,249
Contract advances	161,096	51,085
Deferred compensation	227,027	-
Due to affiliate	-	(33,395)
Total adjustments	513,073	(384,546)
Net cash provided by operating activities	304,961	242,185
Cash flows from investing activities:		
(Increase) decrease in investment	(1,120,000)	26,474
Increase in investment-retirement plan	(152,000)	(130,000)
Acquisition of fixed assets	(142,532)	(155,440)
Increase in predevelopment cost	(179,022)	(70,800)
Net cash used in investing activities	(1,593,554)	(329,766)

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

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

	<u>2015</u>	<u>2014</u>
Cash flows from financing activities:		
(Decrease) Increase in notes payable	<u>(25,000)</u>	<u>25,000</u>
Net cash (used in) provided by financing activities	<u>(25,000)</u>	<u>25,000</u>
Net Decrease in cash	(1,313,593)	(62,581)
Cash at beginning of year	<u>3,264,368</u>	<u>3,326,949</u>
CASH AT END OF YEAR	<u><u>\$1,950,775</u></u>	<u><u>\$3,264,368</u></u>

Supplemental information:

Interest paid during the year	<u>\$ 12,040</u>	<u>\$ 18,109</u>
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The accompanying notes are an integral part of these financial statements.

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 - BASIS OF OPERATION AND SUMMARY OF ACCOUNTING POLICIES

BASIS OF OPERATION

Women's Housing and Economic Development Corporation (WHEDco), not-for-profit corporation, works with families in the Bronx who struggle with the multiple challenges presented by poverty, and who, like all of us, aspire to a healthy, financially stable future. WHEDco offers interconnected, innovative, and high quality solutions - including the building of healthy, affordable homes - creating more beautiful, more equitable, and more economically vibrant places to live and raise a family. The Corporation is a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code.

SUMMARY OF ACCOUNTING POLICIES

The financial statements of the Corporation are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Financial Statements Presentation

The presentation of the Corporation's financial statements is in accordance with the Accounting Standards Codification Topic No. 958, "Not-for-Profit Entities", (ASC 958). Under ASC 958, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

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

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Fixed Assets

Fixed assets are recorded at cost net of accumulated depreciation. Depreciation is being provided based on the estimated useful life, using the straight line and accelerated methods.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

Promise to Give

Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Income Taxes

The Corporation is exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code. Accordingly, no provision for Federal, New York State, and New York City income taxes is included in the financial statements.

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 - GRANT AND OTHER INCOME

The Corporation received unrestricted donation income from foundations, individuals, and business organizations totaling \$2,718,851 in 2015 and \$1,961,856 in 2014 to help provide the funding for the organization. The Corporation also received temporarily restricted grant income of \$1,058,083 in 2015 and \$1,260,975 in 2014 respectively.

NOTE 3 - INVESTMENT IN URBAN HORIZONS I

The Corporation, and its affiliate WHEDco Development Corp., have acted as the developer of Urban Horizons I (Urban Horizons), a unique community economic development center in the South Bronx. The Urban Horizons project has transformed the former Morrisania Hospital, abandoned in 1976, into a multi-service complex which includes 132 apartments for low-income families, with 48 set aside for previously homeless families; employment training and job creation programs; a day care center; comprehensive counseling and referral services; and a playground and courtyard connecting Urban Horizons with a bilingual elementary school serving grades K-8, which shares the site. There is also a primary health care facility operated by the Institute for Family Health.

The project began construction in December 1995 and was completed in April 1997. The Corporation through its affiliate WHEDco Development Corp. has made an investment of \$1,237,273 as the general partner of the Urban Horizons Tax Credit Partnership L.P.. The source of the investment came from fees that WHEDco received for developing the project, and from funds received from the Department of Health and Human Services (DHHS) and New York State Urban Development Corp.. The project is also being financed with equity investments by the National and New York Equity Funds and loans from the New York State Housing Trust Fund and New York State Homeless Housing Assistance Corporation.

The Corporation has classified the investment in Urban Horizons as a permanently restricted asset. The investment is being reported on the accompanying financial statement using the equity method whereby the investment is increased or decreased by WHEDco's share of the results of operations. In 2011, WHEDco made a capital contribution in the amount of \$39,000 to Urban Horizon.

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 4 - GOVERNMENT GRANTS

WHEDco entered into a contract called Early Learn with the New York City Administration for Children's Services (ACS) for the contract period starting from October 1, 2012 to September 30, 2016 to provide quality early care and education services to children and families. This contract replaced a previous Head Start program, which expired on September 30, 2012. Early Learn consists of two programs, a traditional Head Start and Family Child Care (FCC), under this contract. During 2015 and 2014, \$3,109,068 and \$2,994,545 were received under that contract, of which \$0 was receivable as of December 31, 2015 and 2014. Advances relating to the contract totaling of \$330,126 and \$17,653 are included in liabilities at December 31, 2015 and 2014 respectively.

WHEDco has a contract with the New York State Department of Health for Child and Adult Care Food Program (CACFP) to provide meals to children participating in day care in the South Bronx. During 2015 and 2014, WHEDco received \$3,409,437 and \$2,918,557 under the contract. The funds received represent costs of meals and administrative fees. The total administrative fees earned were \$388,494 in 2015 and \$329,119 in 2014. As of December 31, 2015 and 2014, \$637,062 and \$461,468 from the state were included in accounts receivable respectively.

WHEDco has entered into various contracts with the New York City Department of Youth and Community Development to provide various services to local youth. The contracts have varying terms. During 2015 and 2014, WHEDco earned \$2,466,534 and \$1,445,650 under these contracts, of which \$476,167 and \$240,991 were receivable as of December 31, 2015 and 2014 respectively.

WHEDco entered into a contract with the Office of Child and Family Service (OCFS) for the contract period starting April 1, 2008 to June 30, 2014 to enroll unlicensed daycare providers into the Child Care Facility System(CCFS). As of report date, WHEDco is working with OCFS to renew contracts for another 5 years. OCFS extended the contract until December 31, 2016 while the contract is being negotiated. During 2015 and 2014, revenue of \$6,125,000 and \$6,125,000 respectively were earned. As of December 31, 2015 and 2014, WHEDco had receivable of \$535,883 and \$535,938 from OCFS respectively.

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 4 - GOVERNMENT GRANTS (CONTINUED)

The Corporation also received \$802,965 in 2015 and \$880,059 in 2014 respectively under various other contracts and grants. The accounts receivable from various contracts are \$241,655 in 2015 and \$119,693 in 2014 respectively.

A summary of government grants are as follows;

	2015	2014
ACS	\$ 3,109,068	\$ 2,994,545
CACFP	3,409,437	2,918,557
DYCD	2,466,534	1,445,650
OCFS	6,125,000	6,125,000
Other grants	817,845	880,059
Total	<u>\$15,927,884</u>	<u>\$14,363,811</u>

NOTE 5 - DEVELOPMENT COSTS AND LOANS - URBAN HORIZONS II

The Corporation, and its affiliate Urban Horizons II GP, Inc., have acted as the developer of Intervale Green (Urban Horizons II), a unique affordable housing development for low income families in the South Bronx. The project named Urban Horizons II is a limited partnership and qualifies for low-income housing tax credits. Urban Horizons II consists of 128 residential units for low-income families with 30% of the units set aside for families coming out of the homeless shelter system. The total cost of the project is \$38,114,306 and financing is provided by tax-exempt bonds issued from the New York City Housing Development Corporation (HDC) and from private investments from Richman Housing Resources, the tax credit syndicator. A pilot program through the New York State Energy Research and Development Authority (NYSERDA) is providing technical assistance and capital costs so that the building can achieve one of the first ever Energy Star ratings for multi-family buildings. Construction began in December 2005 and was completed in February 2009.

WHEDco was expected to earn \$4,914,853 in developer's fees in connection with this project and WHEDco earned the entire developer's fee as of December 31, 2008.

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 5 - DEVELOPMENT COSTS AND LOANS - URBAN HORIZONS II (CONTINUED)

Payment of the fees are in accordance with the development fee agreement. As of December 31, 2015 and 2014, WHEDco has received \$3,534,814 and \$3,458,147 respectively. WHEDco used to repay certain loans and professional expenses incurred by WHEDco to support the project development. As of December 31, 2015 and 2014, the balance of Developer's fee receivable was \$1,380,039 and \$1,456,706.

The Corporation entered into a loan agreement with Urban Horizons II for the amount of \$547,403. The sources of the funds were grants from New York State Energy Research and Development Authority (NYSERDA) for \$422,403 and the Bronx Overall Economic Development Corporation for \$125,000. The loan was evidenced by a promissory note and secured by a subordinate lien on the rental property. The loan bears no interest and matures on October 1, 2039. The Corporation entered into two loan agreement with Urban Horizons II for the amount of \$36,000 and \$25,000 in July 29, 2010. The sources of the funds were grants from Enterprise Community Partners Inc. for \$36,000 and Home Depot for \$25,000. The loans were evidenced by promissory notes and secured by a subordinate lien on the rental property. The loan bears no interest and matures on July 29, 2040. As of December 31, 2015 and 2014 the loan receivable was \$608,403.

The Corporation provides a social services to Urban Horizons II for an annual fee. The Corporation has earned for social service fee of \$115,000 for 2015 and 2014. The unpaid portion of social service fees of \$354,583 in 2015 and \$239,583 in 2014 were included in due from affiliates.

NOTE 6 - DEVELOPMENT COSTS AND LOANS - LOUIS NINE

The Corporation and its affiliate Louis Nine GP, Inc., have acted as the developer of Louis Nine House, a unique affordable housing development for low income families in the South Bronx. The building was built by the same general contractor as Urban Horizons II, and is providing 46 units of supportive housing for young adults out of foster care.

The total cost of the project will be 7.6 million dollars and will come from HPD's Supportive Housing Loan Program and Richman Housing Resources. The project will also provide low income housing tax credits for the limited partner.

**WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

NOTE 6 - DEVELOPMENT COSTS AND LOANS - LOUIS NINE (CONTINUED)

The project began construction in May 2006 and was completed in February 2009. WHEDco was expected to earn \$224,250 of developer's fees in connection with this project and earned the entire developer's fee as of December 31, 2008. An affiliate of WHEDco is a member of the general partner. As of December 31, 2015 and 2014, the balance of developer's fee receivable for Louis Nine was \$100,475.

In 2009, the Corporation received a grant from NYSEDA in the amount of \$82,233, which was contributed to the Foyer project through the general partner that the Corporation owns. The grant is included in the statement of financial position as a permanently restricted assets.

NOTE 7 - PREDEVELOPMENT COSTS - BRONX COMMONS

As of December 31, 2015 and 2014, WHEDco incurred \$339,768 and \$160,746 respectively of costs associated with the planning of new low income housing project named Bronx Commons. These costs are to be reimbursed at the time of the syndication closing on the property. It is anticipated that WHEDco or an affiliate will be the general partner. The project will be financed with funds from a private investor who will be the limited partner and with loans from New York City. The project will also provide low income housing tax credits for the limited partner.

NOTE 8 - DUE TO PROVIDERS

In accordance with the contracts with ACS and NYS Department of Health, WHEDco is to pay providers, who provide child care services and meal services to children. As of December 31, 2015 and 2014, total due to providers are as follows:

	2015	2014
Early Learn - FCC	\$ 144,272	\$ 154,951
CACFP	558,625	397,909
Total due to providers	\$ 702,897	\$ 552,860

NOTE 9 - CONTRACT ADVANCE

WHEDco receives advances from various government contracts. Total advances outstanding as of December 31, 2015 and 2014 are \$452,509 and \$291,413 respectively.

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 10 - LOANS PAYABLE

In September 2012, WHEDco received a loan of \$250,000 from The Contact Fund, LLC. The loan agreement also provides an additional fund of \$250,000 if needed. The proceeds of the loan is used for the development of Bronx Commons (Note 7).

The loan bears an interest at prime rate plus 1.5% on the outstanding balance. The loan is payable on the date WHEDco or its affiliate receives any construction financing in respect to the development of Bronx Commons project, which is expected to be received in 2016.

In 2012 WHEDco received grants and loans totaling \$225,000 from Deutsche Bank of America. The grants (\$150,000) and loans (\$75,000) are to be received over a 3 year period beginning in 2012. In 2014 and 2013, WHEDco received \$50,000 of grants per year and a non interest bearing loans of \$25,000 per year, which are payable in July 2015, July 2016 and July 2017.

Loans payable consists of:

	2015	2014
Contact Fund, LLC	\$ 250,000	\$ 250,000
Deutsche Bank	50,000	75,000
	300,000	325,000
Current portion	(275,000)	(275,000)
Non-Current	\$ 25,000	\$ 50,000

NOTE 11 - UNCONDITIONAL PROMISES TO GIVE

WHEDco received unconditional promises to give from various individuals and foundations. The total unconditional promises to give outstanding as of December 31, 2015 and 2014 were \$1,354,897 and \$1,537,961 respectively. Included in unconditional promises to give was a pledge of \$487,700. During 2015, the value of this pledge was reduced to \$273,262, which is to be payable over a 3 year term. The decrease in value of a pledge of \$214,438 was reflected in the accompanying 2015 financial statements. A pledge from W.K. Kellogg Foundation of \$770,000 was received of which \$270,000 was paid in 2014. The remaining of \$500,000 is payable in the equal installment of \$250,000 in 2015 and in 2016. Pinkerton Foundation pledged a three year grant for \$375,000, which is payable \$150,000 in 2014, \$150,000 in 2015 and \$75,000 in 2016. WHEDco also received

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 11 - UNCONDITIONAL PROMISES TO GIVE (CONTINUED)

a pledge from J.P. Moran Chase Foundation for \$985,000, of which \$485,000 was received in 2015. The remaining balance of \$500,000 will be received in the two equal installment of \$250,000 in 2016 and 2017. WHEDco also received unconditional promise to give in the amount of \$331,635 in 2015 and \$325,261 in 2014 respectively from various other individual and foundations.

	2015	2014
Total	\$ 1,354,897	\$1,537,961
Non - current	(523,262)	(812,700)
Current portion	\$ 831,635	\$ 725,261

NOTE 12 - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

The Corporation operates its social programs at Urban Horizons' facility. Urban Horizons charges WHEDco occupancy costs incurred. Also, the Corporation advances funds to Urban Horizons II and Louis Nine for various costs. As of December 31, 2015 and 2014, the total balance due from affiliates are as follows:

Due from affiliates	2015	2014
Urban Horizons	\$ 335,825	\$ 310,439
Urban Horizons II	350,312	267,035
Louis Nine	12,773	12,773
Total	\$ 698,910	\$ 590,247

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The Corporation entered into a thirty year lease for office space with Urban Horizons beginning December 21, 1995. A portion of this space is sublet under the lease. The sublet lease expires in May 2018. The Corporation also entered into a thirty year lease for office space with Urban Horizons II beginning February 2009. The Corporation also leases office equipment under various leases that expire in various years.

The total minimum rental payments required under these leases are as follows:

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 13 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

<u>Year ended</u> <u>December 31,</u>	<u>Rent</u>	<u>Sub rental income</u>
2016	367,333	190,427
2017	352,359	195,189
2018	308,518	82,164
2019	305,193	
2020	313,159	
Thereafter	4,072,911	

NOTE 14 - CONCENTRATION OF CREDIT RISK

The Corporation maintains its cash and cash equivalents with various financial institutions. Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each financial institution. At times, these balances may exceed the FDIC limits. At December 31, 2015 and 2014 cash exceeding the FDIC limits were \$1,689,602 and \$3,002,575.

Although the Corporation has various contracts with governments and other agencies, it earned significant revenues from three major contracts, OCFS, CACFP and ACS. For the years ended December 31, 2015 and 2014, WHEDco received approximately 65% and 67% of its total support and revenue from these contracts. The accounts receivable from these contracts as of December 31, 2015 and 2014 were \$1,172,945 and \$997,406 respectively.

NOTE 15 - PERMANENTLY RESTRICTED NET ASSETS

A summary of permanently restricted net assets is as follows:

	<u>2015</u>	<u>2014</u>
Investment in Urban Horizons	\$1,216,466	\$1,224,870
Loan to Urban Horizons II	<u>608,403</u>	<u>608,403</u>
Total	<u>\$1,824,869</u>	<u>\$1,833,273</u>

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 16 - RETIREMENT PLAN

Staff Retirement Plan

In July 2014, WHEDco started a new 403(B) ERISA retirement plan. Besides the elected employee contributions, this plan will allow discretionary employer contributions based on employee participation and eligibility. The total expense in 2015 and 2014 was \$63,583 and \$41,794 respectively.

Executive Deferred Compensation Plans

The Board of WHEDco adopted a resolution establishing a 457(b), nonqualified deferred compensation plan, effective December 15, 2014. Contributions are made into the 457(b) plan on an annual basis up to the IRS maximums and are vested at the time of contribution. The total contributions to the 457(b) Plan in 2015 and 2014 were \$18,000 and \$17,500 respectively.

Effective January 1, 2015, WHEDco established a 457(f), nonqualified deferred compensation plan. Under this plan, WHEDco is obligated to pay \$700,000 on January 31, 2018. This total benefit amount is being amortized over a 37 month period beginning January 1, 2015 through January 31, 2018. The accompanying 2015 financial statements includes an expense of \$227,027 and the respective liability. WHEDco has made contributions to the plan as of December 31, 2015 in the amount of \$282,000. The amount of the asset held is based on the fair market value as of December 31, 2015, which is \$277,378.

NOTE 17 - SUBSEQUENT EVENTS

Management has evaluated subsequent events or transactions occurring through August 24, 2016, the date the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.

SUPPLEMENTAL INFORMATION

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2015

	Program Services									Support Services	
	Total	Kitchen	Head Start	Family Support	Youth Services	Homebased Childcare	Housing Development	Community Development	Research & Evaluation	Management General	Fundraising
Salaries	\$9,463,919	\$70,128	\$1,113,601	\$369,076	\$2,103,836	\$4,585,537	\$550,763	\$284,196	\$96,996	\$234,886	\$54,900
Fringes	2,346,099	15,886	309,711	92,563	330,646	1,160,912	125,070	91,313	19,222	187,325	13,451
Professional services - General	791,250	0	162,585	16,531	26,919	158,767	169,196	110,074	7,392	47,232	92,554
Professional services - Accounting	27,350	0	4,923	1,368	1,641	11,760	547	5,197	273	1,094	547
Professional services - Legal	113,634	0	0	0	0	0	0	0	0	113,634	0
Insurance	106,589	0	19,029	5,286	10,343	46,344	2,114	19,201	1,057	1,101	2,114
Supplies	181,482	3,492	2,023	2,948	18,936	88,563	3,484	9,857	290	48,937	2,952
Postage	152,438	202	6,778	1,014	993	132,075	611	5,434	205	3,670	1,456
Program Direct Costs	4,569,839	81	135,493	913	117,785	4,257,420	4,299	13,084	197	37,154	3,413
Occupancy	663,749	46,105	177,268	15,408	3,827	137,479	51,237	57,515	1,893	166,176	6,841
Telecommunication	121,405	90	10,340	10,106	5,324	48,458	1,136	11,712	297	32,566	1,376
Travel	51,635	79	985	137	2,514	32,669	1,650	4,657	35	7,389	1,520
Professional Development	220,731	1,061	20,239	3,416	41,641	38,646	5,222	19,675	1,177	83,467	6,187
Information Technology	46,081	81	4,074	1,086	2,013	19,732	660	4,531	739	11,470	1,695
Equipment Rental and Repair	239,533	45,150	54,766	4,625	6,664	75,425	10,196	34,702	447	0	7,558
Marketing	157,289	249	0	0	0	0	2,884	5,307	0	146,317	2,532
Other Expenses	230	0	0	0	5	0	0	100	0	125	0
Interest Expense	12,040	0	0	0	0	0	0	0	0	12,040	0
Depreciation Expense	232,991	0	0	0	0	0	0	0	0	232,991	0
Bad Debts	23,791	0	0	0	0	0	23,791	0	0	0	0
	<u>\$19,522,075</u>	<u>\$182,604</u>	<u>\$2,021,815</u>	<u>\$524,477</u>	<u>\$2,673,087</u>	<u>\$10,793,787</u>	<u>\$952,860</u>	<u>\$676,555</u>	<u>\$130,220</u>	<u>\$1,367,574</u>	<u>\$199,096</u>

See independent auditor's report

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2014

	Program Services									Support Services	
	Total	Kitchen	Head Start	Family Support	Youth Services	Homebased Childcare	Housing Development	Community Development	Research & Evaluation	Management General	Fundraising
Salaries	\$8,556,861	\$80,009	\$1,035,970	\$427,916	\$1,329,296	\$4,476,452	\$407,965	\$217,728	\$112,787	\$331,073	\$137,665
Fringes	2,071,285	23,245	337,667	106,066	218,407	1,177,632	76,128	52,008	20,714	39,827	19,591
Professional services - General	638,641	1,528	161,494	8,298	17,835	109,541	13,625	144,321	2,188	152,990	26,821
Professional services - Accounting	27,732	247	13,076	776	451	10,495	149	372	270	1,445	451
Professional services - Legal	103,536	0	0	0	0	0	0	0	0	103,536	0
Insurance	91,789	906	11,781	3,625	2,719	55,282	1,813	2,719	906	9,319	2,719
Supplies	173,278	3,757	5,725	3,218	11,921	104,404	682	6,160	364	30,953	6,094
Postage	159,322	99	1,527	587	798	149,979	428	814	99	4,334	657
Program Direct Costs	4,081,562	0	104,286	213	67,282	3,883,036	1,076	2,172	7	19,943	3,547
Occupancy	614,845	64,230	165,191	21,744	1,405	200,701	35,828	39,234	1,218	80,005	5,289
Telecommunication	114,918	499	1,747	10,005	4,388	66,822	872	1,913	203	27,298	1,171
Travel	42,086	111	341	54	1,556	31,517	345	2,621	10	4,821	710
Professional Development	188,212	1,507	20,305	2,956	24,536	30,664	5,413	8,386	1,566	88,904	3,975
Information Technology	42,283	21	267	82	62	9,088	241	1,340	21	31,099	62
Equipment Rental and Repair	199,437	29,323	22,785	3,981	1,869	80,166	2,724	27,323	252	22,174	8,840
Marketing	9,220	0	0	0	0	0	0	1,860	0	6,313	1,047
Other Expenses	550	0	0	0	0	0	0	0	0	550	0
Interest Expense	11,050	0	0	0	0	0	0	0	0	11,050	0
Depreciation Expense	207,422	0	0	0	0	0	0	0	0	207,422	0
Bad Debts	34,000	0	0	0	0	0	20,000	0	0	14,000	0
	<u>\$17,368,029</u>	<u>\$205,482</u>	<u>\$1,882,162</u>	<u>\$589,521</u>	<u>\$1,682,525</u>	<u>\$10,385,779</u>	<u>\$567,289</u>	<u>\$508,971</u>	<u>\$140,605</u>	<u>\$1,187,056</u>	<u>\$218,639</u>

See independent auditor's report

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To The Board of Directors of
Women's Housing and Economic
Development Corporation

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Women's Housing and Economic Development Corporation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued my report thereon dated August 24, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Women's Housing and Economic Development Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Women's Housing and Economic Development Corporation's internal control. Accordingly, I do not express an opinion on the effectiveness of the Women's Housing and Economic Development Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)**

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Women's Housing and Economic Development Corporation's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



New York, New York
August 24, 2016

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors
Women's Housing and Economic
Development Corporation

Report on Compliance for Each Major Federal Program

I have audited Women's Housing and Economic Development Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Women's Housing and Economic Development Corporation's major federal programs for the years ended December 31, 2015 and 2014. Women's Housing and Economic Development Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Women's Housing and Economic Development Corporation's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(Continued)**

reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Women's Housing and Economic Development Corporation's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Women's Housing and Economic Development Corporation's compliance.

Opinion on Each Major Federal Program

In my opinion, Women's Housing and Economic Development Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2015 and 2014.

Report on Internal Control Over Compliance

Management of Women's Housing and Economic Development Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Women's Housing and Economic Development Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Women's Housing and Economic Development Corporation's internal control over compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(Continued)**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



New York, New York
August 24, 2016

**WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? No

Reportable conditions identified not considered to be a material weakness? None reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Reportable conditions identified not considered to be a material weakness? None reported

Type of auditor's report issued on compliance for major programs:
Unqualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? No

Major programs:

93.600 Head start program and E arly Learn (NYC ACS)

93.575 Head start program and Early Learn (NYC ACS)

93.575 Legally-Exempt Providers (OCFS)

10.558 Child and Adult Care Food Program (NYS Dept of Health
CACFP)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes

Section II: Financial Statement Findings

There are no financial statement findings reported.

Section III: Federal Awards Findings

There are no federal award findings reported.

**WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Grantor</u>	<u>Federal CFDA#</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
Department of Health and Human Services: Pass-through Program from NYC Administration for Children's Services	93.600	-	<u>\$1,056,902</u>
Department of Agriculture: Pass-through Program from NYS Department of Health Child and Adult Care Food Program	10.558	4152	<u>\$ 105,056</u>
Department of Agriculture: Pass-through Program from NYS Department of Health Child and Adult Care Food Program	10.558	4912	<u>\$3,304,381</u>
Department of Health and Human Services Pass-through program from NYS Office of Children and Family Services	93.575	-	<u>\$6,125,000</u>
Department of Housing and Urban Development Pass-through program from NYC Small Business services	14.218	-	<u>\$ 67,222</u>
Department of Agriculture: Pass-through program from NYC Department of mental Health and Hygiene	10.579	-	<u>\$ 80,782</u>
Department of Health and Human Services Pass-through program from NYC Administration for Children's Services	93.575	-	<u>\$ 868,127</u>

**WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>Grantor</u>	<u>Federal CFDA#</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
Department of Health and Human Services Pass-through program from NYC Department of Youth And Community Development	93.569	-	<u>\$ 71,891</u>
Department of Health and Human Services Pass-through program from NYS Office of Children and family services	93.558	-	<u>\$ 48,789</u>
Department of Housing and Urban Development Pass-through program from Enterprise Community	14.252	-	<u>\$ 14,880</u>

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Women's Housing and Economic Development Corporation under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Women's Housing and Economic Development Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Women's Housing and Economic Development Corporation.

Note 2 - Summary of Significant Accounting Policies

- (1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.
- (2) Women's Housing and Economic Development Corporation has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.