WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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A GARY AARONSON CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT
42 WEST 38TH STREET
SUITE 1003
NEW YORK, NEW YORK 10018

(212) 684-5770

A GARY AARONSON, CPA

FAX (212) 684-4853

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 statement of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, 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

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, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 16, 2015, 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.

New York, New York
June 16, 2015

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

A S S E T S

	2014	2013
Current Assets		
Cash and cash equivalents	$ 3,264,368	$ 3,326,949
Short-term investments	378,112	404,586
Accounts receivable	1,402,381	1,061,112
Unconditional promises to give	725,261	846,276
Prepaid expenses	46,868	45,131
Total Current Assets	5,816,990	5,684,054
Fixed Assets, net of accumulated depreciation of $708,621 in 2014 and $533,136 in 2013	1,215,441	1,267,423
Other Assets		
Long-term unconditional promises to give	812,700	712,700
Investment-retirement plan	130,000	-
Security deposit	2,875	1,025
Investment in Urban Horizons	1,202,903	1,209,943
Developer's fee receivable - Urban Horizons II	1,456,706	1,686,706
Developer's fee receivable - Louis Nine	100,475	100,475
Loan receivable - Urban Horizons II	608,403	608,403
Predevelopment - Bronx Commons	160,746	89,946
Due from Urban Horizons	205,904	205,904
Due from affiliates	590,247	310,266
Total Other Assets	5,270,959	4,925,368
TOTAL ASSETS	$12,303,390	$11,876,845

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

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

LIABILITIES AND NET ASSETS

	2014	2013
Current Liabilities		
Accounts payable	$ 94,354	$ 100,794
Accrued expenses	434,066	723,751
Due to providers	552,860	499,611
Due to affiliate	-	33,395
Contract advance	291,413	240,328
Loan payable, current	275,000	-
Tenants' security deposit	6,285	6,285
Total Current Liabilities	1,653,978	1,604,164
Long-Term Debt		
Loan payable, net of current portion	50,000	300,000
Total Liabilities	1,703,978	1,904,164
Net Assets		
Unrestricted	6,942,464	7,209,668
Temporarily restricted	1,823,675	922,700
Permanently restricted	1,833,273	1,840,313
Total Net Assets	10,599,412	9,972,681
TOTAL LIABILITIES AND NET ASSETS	$12,303,390	$11,876,845

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

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
UNRESTRICTED NET ASSETS		
Unrestricted Revenues		
Foundations	$ 1,335,525	$ 1,496,901
Individuals/Special events	266,331	295,532
Contracts and grants	14,363,811	13,262,215
Rental and other income	561,147	571,879
Donated services	195,937	152,383
Investment income	18,074	7,489
Total Unrestricted Revenues	16,740,825	15,786,399
Net assets released from restrictions satisfied by payments	360,000	80,000
Net Unrestricted Revenue	17,100,825	15,866,399
Expenses		
Program and Services		
Kitchen	205,482	232,681
Head Start	1,882,162	1,870,694
Family Support	589,521	581,400
Youth Services	1,682,525	1,283,086
Homebased Childcare	10,385,779	8,888,084
Housing development	567,289	606,875
Community development	508,971	273,436
Research and Evaluation	140,605	126,783
Management and general	1,187,056	1,366,443
Fundraising	218,639	586,168
Total Expenses	17,368,029	15,815,650
(Decrease) Increase in unrestricted Net Assets	(267,204)	50,749

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

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(CONTINUED)

	2014	2013
TEMPORARILY RESTRICTED NET ASSETS		
Grant income for next year	1,260,975	385,000
Expenditure of prior year grant funds and contract income	(360,000)	(80,000)
Increase in temporarily restricted assets	900,975	305,000
PERMANENTLY RESTRICTED ASSETS		
Loss from Urban Horizons I	(7,040)	(4,742)
Loss from Louis Nine	-	(82,093)
Decrease in permanently restricted assets	(7,040)	(86,835)
Increase in Net Assets	626,731	268,914
Net Assets - Beginning of Year	9,972,681	9,703,767
Net Assets - End of Year	$10,599,412	$ 9,972,681

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, 2014 AND 2013

	2014	2013
Cash flows from operating activities:		
Increase in net assets	$ 626,731	$ 268,914
Adjustments to reconcile excess of revenue over expenditures to net cash provided by operating activities:		
Depreciation	207,422	188,972
Decrease(Increase)in operating assets:		
Accounts receivable and pledge receivable	(320,254)	96,792
Prepaid expenses	(1,737)	48,597
Security deposit	(1,850)	2,560
Developer's fees receivable	230,000	-
Due from affiliate	(279,981)	(9,768)
Investment in Urban Horizons I	7,040	4,742
Investment in Louis Nine LP	-	82,093
Loan receivable- Urban Horizons I	-	200,001
Increase (Decrease) in operating liabilities:		
Accounts payable	(6,440)	(110,305)
Accrued expenses	(289,685)	419,771
Due to providers	53,249	(3,967)
Contract advances	51,085	(216,422)
Due to affiliate	(33,395)	(12,291)
Total adjustments	(384,546)	690,775
Net cash provided by operating activities	242,185	959,689
Cash flows from investing activities:		
Increase in investment	26,474	(404,586)
Increase in investment-retirement plan	(130,000)	-
Acquisition of fixed assets	(155,440)	(94,186)
Increase in predevelopment cost	(70,800)	(8,457)
Net cash used in investing activities	(329,766)	(507,229)

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, 2014 AND 2013
(CONTINUED)

	2014	2013
Cash flows from financing activities:		
Increase in notes payable	25,000	25,000
Net cash provided by financing activities	25,000	25,000
Net (Decrease) Increase in cash	(62,581)	477,460
Cash at beginning of year	3,326,949	2,849,489
CASH AT END OF YEAR	$3,264,368	$3,326,949

Supplemental information:		
Interest paid during the year	$ 18,109	$ 9,881

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

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

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.

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.

Use of Estimates in the Preparation of the Financial Statements

Preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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 grater 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 nest 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.

Accounting for Uncertainty in Income Taxes

The Corporation recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Corporation had no uncertain tax positions that would require financial statement recognition or disclosure. The Corporation is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2011.

NOTE 2 - GRANT AND OTHER INCOME

The Corporation received unrestricted donation income from foundations, individuals, and business organizations totaling $1,961,856 in 2014 and $1,872,433 in 2013 to help provide the funding for the organization. The Corporation also received temporarily restricted grant income of $1,260,975 in 2014 and $385,000 in 2013 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.

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 2014 and 2013, $2,994,545 and $2,711,192 were received under that contract, of which $0 and $1,577 was receivable as of December 31, 2014 and 2013. Advances relating to the contract totaling of $17,653 and $0 are included in liabilities at December 31, 2014 and 2013 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 2014 and 2013, WHEDCO received $2,918,557 and $2,547,216 under the contract. The funds received represent costs of meals and administrative fees. The total administrative fees earned were $329,119 in 2014 and $294,443 in 2013. As of December 31, 2014 and 2013, $461,468 and $223,508 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 2014 and 2013, WHEDCO earned $1,445,650 and $1,060,759 under these contracts, of which $240,991 and $126,994 were receivable as of December 31, 2014 and 2013 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 June 30, 2016 while the contract is being negotiated. During 2014 and 2013, revenue of $6,125,000 and $6,125,000 respectively were earned. As of December 31, 2014 and 2013, WHEDCO had receivable of $535,938 and $510,366 from OCFS respectively.

NOTE 4 - GOVERNMENT GRANTS (CONTINUED)

The Corporation also received $880,059 in 2014 and $818,048 in 2013 respectively under various other contracts and grants. The accounts receivable from various contracts are $119,693 in 2014 and $140,877 in 2013 respectively.

A summary of government grants are as follows;

	2014	2013
ACS	$ 2,994,545	$ 2,711,192
CACFP	2,918,557	2,547,216
DYCD	1,445,650	1,060,759
OCFS	6,125,000	6,125,000
Other grants	880,059	818,048
Total	$14,363,811	$13,262,215

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.

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, 2014, WHEDCO has received $3,458,117 of which $398,228 was used to repay certain loans and professional expenses incurred by WHEDCO to support the project development. As of December 31, 2014 and 2013, the balance of Developer's fee receivable was $1,456,706 and 1,686,706.

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, 2014 and 2013 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 2014 and 2013. The unpaid portion of social service fees of $239,583 in 2014 and $19,167 in 2013 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.

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 will be the general partner. As of December 31, 2014 and 2013, the balance of developer's fee receivable for Louis Nine was $100,475.

In 2009, the Corporation received a grant from NYSERDA 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, 2014 and 2013, WHEDCO incurred $160,746 and $89,946 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, 2014 and 2013, total due to providers are as follows:

	2014	2013
Early Learn - FCC	$ 154,951	$ 142,707
CACAP	397,909	356,904
Total due to providers	$ 552,860	$ 499,611

NOTE 9 - CONTRACT ADVANCE

WHEDCO receives advances from various government contracts. Total advances outstanding as of December 31, 2014 and 2013 are $291,413 and $240,328 respectively.

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 2015.

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:

	2014	2013
Contact Fund, LLC	$ 250,000	$ 250,000
Deutsche Bank	75,000	50,000
	325,000	300,000
Current portion	(275,000)	-
Non-Current	$ 50,000	$ 300,000

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, 2014 and 2013 were $1,537,961 and $1,558,976 respectively. Included in unconditional promises to give, is a pledge of $487,700 payable over a 5 year period. 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.

NOTE 11 - UNCONDITIONAL PROMISES TO GIVE (CONTINUED)

	2014	2013
Total	$ 1,537,961	$1,558,976
Non - current	(812,700)	(712,700)
Current portion	$ 725,261	$ 846,276

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, 2014 and 2013, the total balance due from/(to) affiliates are as follows:

Due from affiliates

	2014	2013
Urban Horizons	$ 310,439	$ 297,493
Urban Horizons II	267,035	-
Louis Nine	12,773	12,773
Total	$ 590,247	$ 310,266

Due to affiliate

	2014	2013
Urban Horizons II	$ -	$ 33,395

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:

NOTE 13 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Year ended December 31,	Rent	Sub rental income
2015	349,554	185,784
2016	367,333	190,427
2017	352,359	195,189
2018	308,518	82,164
2019	305,193	
Thereafter	4,386,070	

The Corporation will provide fund to Urban Horizons II necessary to pay any operating deficit up to $575,000 in the form of a loan during three years after Breakeven Operations, as defined in the partnership agreement. The operating deficit loan shall bear no interest and shall be repaid solely as provided for in the partnership agreement. As of December 31, 2014 and 2013, there has been no funding required under this guaranty.

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, 2014 and 2013 cash exceeding the FDIC limits were $3,002,575 and $3,049,224.

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, 2014 and 2013, WHEDCO received approximately 67% and 70% of its total support and revenue from these contracts. The accounts receivable from these contracts as of December 31, 2014 and 2013 were $997,406 and $735,451 respectively.

NOTE 15 - PERMANENTLY RESTRICTED NET ASSETS

A summary of permanently restricted net assets is as follows:

	2014	2013
Investment in Urban Horizons	$1,224,870	$1,231,910
Loan to Urban Horizons II	608,403	608,403
Total	$1,833,273	$1,840,313

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 current 403(B) plan, that will end in June 2014, allows only employee elected contributions up to the maximum IRS annual limits. The total expense in 2014 was $41,794.

Executive Deferred Compensation Plans

On December 15, 2014, the Board of WHEDCO adopted a resolution establishing a 457(b) and a 457(f) nonqualified deferred compensation plans, effective January 1, 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 2014 were $17,500. Contributions to the 457(f) plan are subject to a substantial risk of forfeiture. The total contribution to the 457(f) Plan in 2014 was $130,000, which is shown as an investment on the accompanying 2014 financial statement. The 457(f) plan balance will be amortized starting from January 2015 to January 2018.

In March 2015, the Corporation contributed $135,000 towards the 457(f) plan.

NOTE 17 - SUBSEQUENT EVENTS

Management has evaluated subsequent events or transactions occurring through June 16, 2015, 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, 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
	$17,368,029	$205,482	$1,882,162	$589,521	$1,682,525	$10,385,779	$567,289	$508,971	$140,605	$1,187,056	$218,639

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

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDING DECEMBER 31, 2013

		Program Services								Support Services	
	Total	Kitchen	Head Start	Family Support	Youth Services	Homebased Childcare	Housing Development	Community Development	Research & Evaluation	Management General	Fundraising
Salaries	$8,322,783	$118,849	$1,093,338	$431,111	$1,013,703	$4,040,469	$394,826	$113,343	$103,738	$584,837	$428,569
Fringes	1,824,950	19,100	289,655	86,210	136,421	1,034,127	56,966	12,515	15,013	119,167	55,776
Professional services - General	523,022	2,263	159,312	7,835	29,629	80,313	14,403	107,945	2,952	57,144	61,226
Professional services - Accounting	27,950	273	13,489	841	490	9,962	337	223	296	1,549	490
Professional services - Legal	42,087	0	0	0	0	0	0	0	0	42,087	0
Insurance	71,662	1,189	1,125	3,821	2,702	46,358	1,765	1,189	1,250	10,007	2,256
Supplies	238,959	5,216	14,475	5,078	11,675	142,449	12,798	7,297	457	31,532	7,982
Postage	147,824	71	208	239	737	138,882	1,225	868	0	3,705	1,889
Program Direct Costs	3,200,780	0	96,726	5,958	54,633	3,009,599	4,821	1,629	22	26,816	576
Occupancy	542,882	47,861	160,714	22,780	1,621	172,249	47,032	12,230	1,427	71,501	5,467
Telecommunication	114,339	781	3,273	8,922	4,704	68,007	2,187	3,095	331	21,394	1,645
Travel	46,626	42	72	74	1,091	33,614	4,080	1,400	82	6,025	146
Professional Development	189,757	656	20,497	3,356	20,429	32,202	9,969	5,940	754	90,600	5,354
Information Technology	16,390	110	408	657	600	6,069	213	2,607	47	1,007	4,672
Equipment Rental and Repair	241,329	36,270	17,402	4,518	4,651	73,784	5,938	2,855	414	86,873	8,624
Marketing	6,849	0	0	0	0	0	315	300	0	4,738	1,496
Other Expenses	1,549	0	0	0	0	0	0	0	0	1,549	0
Interest Expense	16,940	0	0	0	0	0	0	0	0	16,940	0
Depreciation Expense	188,972	0	0	0	0	0	0	0	0	188,972	0
Bad Debts	50,000	0	0	0	0	0	50,000	0	0	0	0
	$15,815,650	$232,681	$1,870,694	$581,400	$1,283,086	$8,888,084	$606,875	$273,436	$126,783	$1,366,443	$586,168

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

A GARY AARONSON CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT
42 WEST 38TH STREET
SUITE 1003
NEW YORK, NEW YORK 10018

(212) 684-5770

A GARY AARONSON, CPA

FAX (212) 684-4853

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 statement of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements, and have issued my report thereon dated June 16, 2015.

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 Organization'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
June 16, 2015

A GARY AARONSON CPA, PLLC
CERTIFIED PUBLIC ACCOUNTANT
42 WEST 38TH STREET
SUITE 1003
NEW YORK, NEW YORK 10018

(212) 684-5770

A GARY AARONSON, CPA

FAX (212) 684-4853

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 Circular A-133 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, 2014 and 2013. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain 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, 2014 and 2013.

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 OMB Circular A-133, 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 OMB CIRCULAR A-133 (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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

New York, New York
June 16, 2015

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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 Circular A-133, Section .510(a)? No

Major programs:
93.600 Head start program and Early 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: $300,000

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, 2014

Grantor	Federal CFDA#	Pass-through Entity Identifying Number	Expenditures
Department of Health and Human Services: Pass-through Program from NYC Administration for Children's Services	93.600	-	$1,133,860
Department of Agriculture: Pass-through Program from NYS Department of Health Child and Adult Care Food Program	10.558	4152	$ 111,517
Department of Agriculture: Pass-through Program from NYS Department of Health Child and Adult Care Food Program	10.558	4912	$2,807,040
Department of Health and Human Services Pass-through program from NYS Office of Children and Family Services	93.575	-	$6,125,000
Department of Housing and Urban Development Pass-through program from NYC Small Business services	14.218	-	$ 68,835
Department of Agriculture: Pass-through program from NYC Department of mental Health and Hygiene	10.574	-	$ 91,358
Department of Health and Human Services Pass-through program from from NYC Administration for Children's Services	93.575	-	$ 849,814

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014. The information in this schedule is presented in accordance with the requirements of OMB circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*. 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

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursements.