

WOMEN'S HOUSING AND ECONOMIC
DEVELOPMENT CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

C O N T E N T S

Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	6
Statement of Cash Flows	8
Notes to Financial Statements	10
Supplemental Information:	
Statement of Functional Expenses	19
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	21
Report on Compliance for each major Program and on Internal Control over Compliance required by OMB Circular A-133	23
Schedule of Findings and Questioned Costs	25
Schedule of Federal Awards	26
Notes to Schedule of Federal Awards	27

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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 statement of financial position as of December 31, 2012 and 2011, 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

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

Page 2

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, 2012 and 2011, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

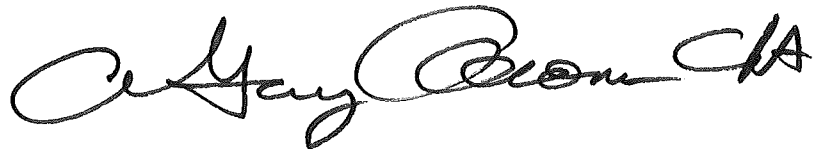
My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards 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.

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

Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated May 29, 2013, 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 that reads "Jeffrey Brown CPA". The signature is written in a cursive style with a large, stylized "J" and "B".

New York, New York
May 29, 2013

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

A S S E T S

	<u>2012</u>	<u>2011</u>
Current Assets		
Cash and cash equivalents	\$ 2,849,489	\$ 3,416,062
Accounts receivable	1,709,901	1,490,520
Pledge receivable	469,279	411,100
Prepaid expenses and other current assets	<u>93,728</u>	<u>146,671</u>
Total Current Assets	5,122,397	5,464,353
Fixed Assets, net of accumulated depreciation of \$1,028,391 in 2012 and \$870,795 in 2011	1,362,209	1,185,698
Other Assets		
Pledge receivable - net of current portion	537,700	-
Security deposit	3,585	4,895
Investment in Urban Horizons	1,214,685	1,221,133
Investment in Louis Nine	82,093	82,133
Developer's fee receivable - Urban Horizons II	1,686,706	2,221,802
Developer's fee receivable - Foyer project	100,475	151,350
Loan receivable - Urban Horizons II	608,403	608,403
Predevelopment - Bronx Commons	81,489	-
Due from Urban Horizons	405,905	-
Due from affiliates	300,498	32,193
Equipment deposit	<u>-</u>	<u>30,000</u>
Total Other Assets	<u>5,021,539</u>	<u>4,351,909</u>
TOTAL ASSETS	<u>\$11,506,145</u>	<u>\$11,001,960</u>

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

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

LIABILITIES AND NET ASSETS

	<u>2012</u>	<u>2011</u>
Current Liabilities		
Accounts payable and accrued expenses	\$ 1,018,657	\$ 1,023,261
Due to affiliate	45,686	-
Contract advance	456,750	365,321
Tenants' security deposit	<u>6,285</u>	<u>6,285</u>
Total Current Liabilities	1,527,378	1,394,867
Long-Term Debt		
Loans payable, net of current portion	<u>275,000</u>	<u>-</u>
Total Liabilities	1,802,378	1,394,867
Net Assets		
Unrestricted	7,158,919	7,438,457
Temporarily restricted	617,700	235,000
Permanently restricted	<u>1,927,148</u>	<u>1,933,636</u>
Total Net Assets	<u>9,703,767</u>	<u>9,607,093</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$11,506,145</u>	<u>\$11,001,960</u>

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

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
UNRESTRICTED NET ASSETS		
Unrestricted Revenues		
Foundations	\$ 1,719,356	\$ 1,197,265
Individuals/Special events	224,891	314,540
Contracts and grants	11,044,683	10,541,047
Rental and other income	678,403	530,949
Donated services	147,891	130,435
Investment income	25,026	(13,208)
Total	13,840,250	12,701,028
Net assets released from restrictions		
Restrictions satisfied by payments	235,000	454,400
Total Unrestricted Revenue	14,075,250	13,155,428
Expenses		
Program and Services		
Kitchen	238,925	215,064
Head Start	1,508,644	1,454,135
Family Support	630,418	573,331
Youth Services	1,477,359	1,499,599
Homebased Childcare	7,823,682	6,777,659
Housing development	189,123	713,691
Melrose	529,728	-
Community development	164,753	-
Research and Evaluation	78,907	70,243
Management and general	1,399,352	1,138,734
Fundraising	313,897	637,350
Total Expenses	14,354,788	13,079,806
(Decrease) Increase in unrestricted Net Assets before adjustments	(279,538)	75,622

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

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Reclassification adjustment: to permanently restricted net assets	-	(39,000)
Increase in unrestricted Net Assets after adjustment	-	36,622
 TEMPORARILY RESTRICTED NET ASSETS		
Grant income for next year	617,700	76,000
Expenditure of prior year grant funds and contract income	<u>(235,000)</u>	<u>(454,400)</u>
Increase (Decrease) in Temporarily restricted assets	<u>382,700</u>	<u>(378,400)</u>
 PERMANENTLY RESTRICTED ASSETS		
Loss from Urban Horizons I	(6,448)	(6,020)
Loss from Louis Nine	(40)	(40)
Reclassification from Unrestricted net assets	<u>-</u>	<u>39,000</u>
(Decrease) Increase in Permanently restricted assets	<u>(6,488)</u>	<u>32,940</u>
Increase (Decrease) in Net Assets	96,674	(308,838)
Net Assets - Beginning of Year	<u>9,607,093</u>	<u>9,915,931</u>
Net Assets - End of Year	<u>\$ 9,703,767</u>	<u>\$ 9,607,093</u>

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, 2012 AND 2011

	2012	2011
Cash flows from operating activities:		
Increase (Decrease) in net assets	\$ 96,674	\$ (308,838)
Adjustments to reconcile excess of revenue over expenditures to net cash used in operating activities:		
Depreciation	157,596	87,762
Changes in assets and liabilities:		
Increase in accounts receivable		
And pledge receivable	(815,260)	(746,126)
Decrease (Increase) in prepaid expenses and other current assets	52,943	(38,396)
Decrease in security deposit	1,310	-
(Decrease) Increase in accounts payable and accrued expenses	(4,604)	289,168
Increase in contract advances	91,429	132,395
Decrease in developer's fees receivable	585,971	-
Increase in due from affiliate	(268,305)	(53,708)
Increase in due to affiliate	45,686	-
Decrease in investment in Urban Horizons I	6,448	6,020
Decrease in investment in Louis Nine LP	40	40
Increase in loan receivable		
- Urban Horizons I	(405,905)	-
Decrease in tenant security deposit	-	(14,700)
Total adjustments	(552,651)	(337,545)
Net cash used in operating activities	(455,977)	(646,383)
Cash flows from investing activities:		
Increase in investment in Urban Horizon I	-	(39,000)
Acquisition of fixed assets	(334,107)	(857,530)
Increase in predevelopment cost	(81,489)	-
Decrease (Increase) in equipment deposit	30,000	(30,000)
Net cash used in investing activities	(385,596)	(926,530)

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, 2012 AND 2011

	2012	2011
Cash flows from financing activities:		
Increase (Decrease) in notes payable	275,000	(25,000)
Net cash provided by (used in) financing activities	275,000	(25,000)
Net Decrease in cash	(566,573)	(1,597,913)
Cash at beginning of year	3,416,062	5,013,975
CASH AT END OF YEAR	\$2,849,489	\$3,416,062

Supplemental information:

Interest paid during the year	\$ 13,701	\$ -
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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, 2012 AND 2011

NOTE 1 - 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.

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 Organization 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.

Temporarily restricted net assets consist of contract revenue or donations received in the current year for use during the next year.

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.

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 2 - GRANT AND OTHER INCOME

The Corporation received unrestricted grants and donation income from foundations, individuals, and business organizations totaling \$2,179,247 in 2012 and \$1,966,205 in 2011 to help provide the funding for the organization. The Corporation also received temporarily restricted grant income of \$617,700 in 2012 and \$76,000 in 2011 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, 2012 AND 2011

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 2012 \$469,405 was received under that contract. Advances relating to the contract totaling of \$134,652 is included in liabilities at December 31, 2012.

Under the Head Start program that expired on September 30, 2012 the Corporation received \$795,389 in 2012 and \$1,132,688 in 2011. At December 31, 2012 and 2011, there was no receivable from ACS. Advances relating to the contract totaling of \$314,908 and \$334,074 are included in liabilities at December 31, 2012 and 2011 respectively.

WHEDCO has a contract with the New York State Department of Health to provide meals to children participating in day care in the South Bronx. During 2012 and 2011, WHEDCO received \$2,119,469 and \$1,869,702 under the contract. The funds received represent costs of meals and administrative fees. The total administrative fees earned were \$263,040 in 2012 and \$237,944 in 2011. As of December 31, 2012 and 2011, \$501,224 and \$479,191 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 2012 and 2011, WHEDCO earned \$1,068,356 and \$1,164,102 under these contracts, of which \$364,670 and \$141,022 were receivable as of December 31, 2012 and 2011 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). During 2012 and 2011, revenue of \$6,125,000 and \$6,125,000 respectively were earned. As of December 31, 2012 and 2011, WHEDCO had receivable of \$535,938 and \$535,938 from OCFS respectively.

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 4 - GOVERNMENT GRANTS (CONTINUED)

WHEDCO is currently negotiating with the New York City regarding a capital grant that had been authorized during 2005. A total of \$208,063 were included in accounts receivable as of December 31, 2012 and 2011 and no reserve has been recorded. WHEDCO collected \$114,999 in 2013. Management is in contact with New York City to collect the remaining balance due.

The Corporation also received \$467,069 in 2012 and \$249,555 in 2011 respectively under various other contracts and grants. The accounts receivable from various contracts are \$82,761 in 2012 and \$106,702 in 2011 respectively.

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.

Payment of the fees are in accordance with the development fee agreement. As of December 31, 2011, WHEDCO has received \$3,228,147 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, 2012 and 2011, the balance of Developer's fee receivable was \$1,686,706 and \$2,221,802 respectively.

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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

The Corporation entered into a loan agreement with Urban Horizons II for the amount of \$547,403. 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 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, 2012 and 2011 the loan receivable was \$608,403.

In 2009, the Corporation received a total grant of \$547,403 from New York State Energy Research and Development Authority (NYSERDA) for \$422,403 and the Bronx Overall Economic Development Corporation for \$125,000, which is included in the statement of activities as a permanently restricted assets.

In 2010, the Corporation received a total grant of \$61,000 from Enterprise Community Partners Inc. for \$36,000 and Home Depot for \$25,000, which is included in the statement of activities as a permanently restricted assets.

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 2012 and 2011. The unpaid portion of social service fees of \$28,749 in 2012 and \$57,500 in 2011 were included in due from affiliates.

NOTE 6 - DEVELOPMENT COSTS AND LOANS - FOYER PROJECT

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 Foyer 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, 2012 AND 2011

NOTE 6 - DEVELOPMENT COSTS AND LOANS - FOYER PROJECT (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, 2012 and 2011, the balance of developer's fee receivable for Foyer Project was \$100,475 and \$151,350 respectively.

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 activities as a permanently restricted assets.

NOTE 7 - PREDEVELOPMENT COSTS - BRONX COMMONS

During 2012, WHEDCO incurred \$81,489 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 - CONTRACT ADVANCE

WHEDCO receives advances from various government contracts. Total advances outstanding as of December 31, 2012 and 2011 are \$456,750 and \$365,321 respectively.

NOTE 9 - 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 earlier of June 30, 2014 or the date WHEDCO or its affiliate receives any construction financing in respect to the development of Bronx Commons project.

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 9 - LOANS PAYABLE (CONTINUED)

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 2012, WHEDCO received \$50,000 of grants and a non interest bearing loan of \$25,000 that is payable in July 2015. WHEDCO has recorded a pledge receivable for the additional \$100,000 of grants (Note 10).

Loans payable consists of:

	2012	2011
Contact Fund, LLC	\$ 250,000	\$ -
Deutsche Bank	25,000	-
	275,000	-
Current portion	-	-
Non-Current	\$ 275,000	\$ -

NOTE 10 - PLEDGE RECEIVABLE

WHEDCO received pledges from various individuals and foundations. The total pledge receivable outstanding as of December 31, 2012 and 2011 were \$1,006,979 and \$411,100 respectively. Included in pledge receivables, is a pledge of \$487,700 payable over a 5 year period. A pledge from Deutsche Bank of \$100,000 is payable \$50,000 in 2013 and \$50,000 in 2014.

	2012	2011
Pledge receivables	\$ 1,006,979	\$ 411,100
Non - current	537,700	-
Current portion	\$ 469,279	\$ 411,100

NOTE 11 - 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, 2012 and 2011, the total balance due from/(to) affiliates are as follows.

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 11 - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES (CONTINUED)

Due from affiliates

	2012	2011
Urban Horizons	\$ 287,725	\$ 6,939
Urban Horizons II	-	12,481
Louis Nine	12,773	12,773
Total	\$ 300,498	\$ 32,193

Due to affiliate

	2012	2011
Urban Horizons II	\$ 45,686	\$ -

NOTE 12 - 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 two leases. One of sublet lease expires in May 2015. The other sublet lease was terminated in February 2011 and the Corporation negotiated a settlement with the former tenant for \$61,750. 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:

Year ended December 31,	Rent	Sub rental income
2013	268,722	176,832
2014	261,304	181,252
2015	269,245	76,297
2016	277,453	
2017	285,938	
Thereafter	4,984,561	

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, 2012 and 2011, there has been no funding required under this guaranty.

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 13 - 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, 2012 and 2011 cash exceeding the FDIC limits were \$2,564,025 and 2,982,674.

NOTE 14 - PERMANENTLY RESTRICTED NET ASSETS

A summary of permanently restricted net assets is as follows:

	2012	2011
Investment in Urban Horizons	\$1,236,652	\$1,243,100
Investment in Louis Nine	82,093	82,133
Loan to Urban Horizons II	608,403	608,403
Total	\$1,927,148	\$1,933,636

NOTE 15 - SUBSEQUENT EVENTS

Management has evaluated subsequent events or transactions occurring through May 29, 2013, 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, 2012

	Program Services											Support Services	
	Total	Kitchen	Head Start	Family Support	Youth Services	Homebased Childcare	Housing Development	Melrose	Community Development & Evaluation	Research & Evaluation	Management General	Fundraising	
Salaries	\$8,127,215	\$129,067	\$913,433	\$455,427	\$1,204,105	\$3,996,501	\$130,489	\$297,380	\$98,578	\$56,897	\$652,047	\$193,291	
Fringes	1,669,139	19,350	100,019	99,873	141,653	1,079,724	26,814	26,140	13,472	10,192	141,738	10,164	
Professional services - General	659,820	2,142	185,660	13,240	24,628	89,118	14,517	163,356	22,213	7,765	70,061	67,120	
Professional services - Accounting	16,625	320	3,046	798	479	9,425	160	160	160	320	1,278	479	
Professional services - Legal	19,700	0	0	0	0	0	0	0	0	0	19,700	0	
Insurance	67,053	1,097	0	5,020	6,199	38,884	1,274	1,516	680	565	9,771	2,047	
Supplies	268,378	9,623	19,882	5,847	11,155	149,598	1,344	15,478	10,271	326	41,140	3,714	
Postage	139,105	2	1,256	678	639	128,856	1,300	124	312	0	5,018	920	
Program Direct Costs	2,138,796	3	98,172	3,033	56,230	1,958,406	823	3,956	6,634	501	10,142	896	
Occupancy	480,346	41,442	139,160	33,068	1,404	195,633	2,155	1,483	2,155	1,235	57,877	4,734	
Telecommunication	103,872	1,023	2,700	7,834	4,987	63,165	1,394	346	1,262	488	18,919	1,804	
Travel	51,079	49	219	891	1,460	34,701	73	4,069	1,960	0	7,603	54	
Professional Development	171,012	0	6,836	1,292	17,064	2,956	2,661	7,008	2,095	74	111,001	20,025	
Information Technology	17,106	0	90	0	0	825	0	50	115	0	14,858	1,168	
Equipment Rental and Repair	242,647	34,807	38,000	3,222	5,361	75,695	5,355	4,295	4,295	594	65,807	5,216	
Marketing	4,441	0	171	195	0	0	400	367	551	0	492	2,265	
Other Expenses	6,793	0	0	0	1,995	195	0	4,000	0	0	603	0	
Interest Expense	13,701	0	0	0	0	0	0	0	0	0	13,701	0	
Depreciation Expense	157,596	0	0	0	0	0	0	0	0	0	157,596	0	
Bad Debts	364	0	0	0	0	0	364	0	0	0	0	0	
Total	\$14,354,768	\$238,925	\$1,508,644	\$630,418	\$1,477,359	\$7,823,682	\$189,123	\$529,728	\$164,753	\$78,907	\$1,399,352	\$313,897	

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, 2011

	Program Services										Support Services	
	Total	Kitchen	Head Start	Family Support	Youth Services	Homebased Childcare	Housing Development	Research & Evaluation	Management		Fundraising	
									General	Fundraising		
Salaries	\$7,590,567	\$114,780	\$930,116	\$422,664	\$1,223,034	\$3,701,690	\$387,525	\$48,945	\$390,449	\$371,364		
Fringes	1,467,716	18,808	72,674	86,015	147,500	947,264	39,801	16,416	89,869	49,369		
Professional services - General	646,627	0	131,832	3,871	14,950	45,596	193,119	60	90,018	167,181		
Professional services - Accounting	28,326	0	14,427	1,118	2,077	8,467	479	0	1,438	320		
Professional services - Legal	26,640	0	0	0	0	0	0	0	26,640	0		
Insurance	66,456	1,253	0	6,892	4,386	38,225	1,880	627	10,687	2,506		
Supplies	314,491	7,353	20,313	9,265	22,918	165,133	17,663	986	58,756	12,104		
Postage	164,716	4	270	265	568	157,896	1,433	4	3,508	768		
Program Direct Costs	1,727,808	0	93,238	8,235	58,544	1,553,817	1,684	380	11,101	809		
Occupancy	436,680	48,374	138,072	12,658	6,046	59,267	3,093	1,591	160,923	6,656		
Telecommunication	68,619	839	2,642	7,964	5,442	30,157	2,031	570	16,264	2,710		
Travel	46,217	0	2,106	712	612	35,390	1,169	303	5,800	125		
Professional Development	138,332	486	15,297	2,204	11,184	6,744	7,211	139	82,495	12,572		
Information Technology	24,404	0	721	2,602	0	2,800	0	0	11,207	7,074		
Equipment Rental and Repair	225,390	23,167	30,446	1,960	2,338	25,164	52,518	222	87,072	2,503		
Marketing	4,420	0	217	257	0	49	1,433	0	1,175	1,289		
Other Expenses	7,986	0	1,764	0	0	0	2,652	0	3,570	0		
Interest Expense	-	0	0	0	0	0	0	0	-	0		
Depreciation Expense	87,762	0	0	0	0	0	0	0	87,762	0		
Bad Debts	6,649	0	0	6,649	0	0	0	0	0	0		
	\$13,079,806	\$215,064	\$1,454,135	\$573,331	\$1,499,599	\$6,777,659	\$713,691	\$70,243	\$1,138,734	\$637,350		

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

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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 statement of financial position as of December 31, 2012 and 2011, 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 May 29, 2013.

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.

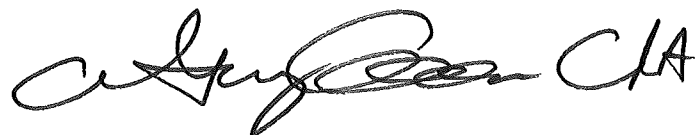
Compliance and Other Matters

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
May 29, 2013



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**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 year ended December 31, 2012 and 2011. 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

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

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 year ended December 31, 2012 and 2011.

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
May 29, 2013

A handwritten signature in black ink, appearing to read 'J. F. [unclear] CA', is written in a cursive style.

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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:

93.575, LEGALLY-EXEMPT PROVIDERS (OCFS)

Dollar threshold used to distinguish between Type A and Type B programs: \$500,000

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, 2012

<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>\$1,071,160</u>
Department of Agriculture: Pass-through Program from NYS Department of Health Child and Adult Care Food Program	10.558	4152	<u>\$ 76,696</u>
Department of Agriculture: Pass-through Program from NYS Department of Health Child and Adult Care Food Program	10.558	4912	<u>\$2,042,768</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>\$ 69,496</u>
Department of Agriculture: Pass-through program from NYC Department of mental Health and Hygiene	10.574	-	<u>\$ 102,686</u>
Department of Health and Human Services Pass-through program from from NYC Administration for Children's Services	93.575	-	<u>\$ 193,634</u>

WOMEN'S HOUSING AND ECONOMIC DEVELOPMENT CORPORATION
NOTES TO SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

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, 2012. 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.