

WOMEN'S COMMUNITY

REVITALIZATION PROJECT
(A Nonprofit Corporation)

FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2017

Together With

Independent Auditor's Report

WOMEN'S COMMUNITY REVITALIZATION PROJECT

SEPTEMBER 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Women's Community Revitalization Project
Philadelphia, Pennsylvania

Report on the Financial Statements

I have audited the accompanying financial statements of Women's Community Revitalization Project (a Pennsylvania nonprofit corporation) as of September 30, 2017, which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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. 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 Community Revitalization Project as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

A handwritten signature in black ink that reads "Katherine R Conlon CPA". The signature is written in a cursive, flowing style. The letters "Katherine" and "Conlon" are connected, and "CPA" is written separately at the end. A vertical line is drawn to the right of the signature.

Katherine R. Conlon, CPA
Malvern, Pennsylvania
November 13, 2017

WOMEN'S COMMUNITY REVITALIZATION PROJECT

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2017

ASSETS

CURRENT ASSETS

Cash	\$1,277,835
Accounts receivable	203,091
Grants receivable	27,724
Prepaid expenses	24,039
Deferred project costs	<u>234,356</u>

Total current assets 1,767,045

PROPERTY AND EQUIPMENT, net 244,872

OTHER ASSETS

Deposits	4,981
Investments in marketable securities	396,177
Investments in partnerships	2,068,782
Notes receivable	<u>1,490,414</u>

Total other assets 3,960,354

Total assets \$5,972,271

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 13,843
Accrued expenses	6,825
Accrued payroll and payroll taxes	90,035
Deferred revenue	13,067
Notes payable - short-term	<u>55,867</u>

Total current liabilities 179,637

LONG-TERM LIABILITIES

Notes payable	<u>274,383</u>
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Total liabilities 454,020

NET ASSETS

Unrestricted	
Operating	5,007,968
Board Designated	<u>392,550</u>

Total unrestricted net assets 5,400,518

Temporarily restricted	<u>117,733</u>
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Total net assets 5,518,251

Total liabilities and net assets \$5,972,271

The accompanying notes are an integral part of this statement.

WOMEN'S COMMUNITY REVITALIZATION PROJECT

STATEMENT OF ACTIVITY

FOR THE YEAR ENDED

SEPTEMBER 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT			
Foundation grants	\$ 76,656	\$ 193,500	\$ 270,156
Business contributions	591,611	7,500	599,111
Government grants	23,482	-	23,482
Individual contributions	33,163	-	33,163
Miscellaneous income	<u>45,766</u>	<u>-</u>	<u>45,766</u>
Total public support	<u>770,678</u>	<u>201,000</u>	<u>971,678</u>
REVENUE			
Rental income	50,400	-	50,400
Investment income	86,124	-	86,124
Professional fees	921,126	-	921,126
Special event, net of expenses	51,979	-	51,979
Unrealized gain on investments	<u>60,941</u>	<u>-</u>	<u>60,941</u>
Total revenue	<u>1,170,570</u>	<u>-</u>	<u>1,170,570</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>150,170</u>	<u>(150,170)</u>	<u>-</u>
Total public support and revenue	<u>2,091,418</u>	<u>50,830</u>	<u>2,142,248</u>
EXPENSES			
Outreach	220,497	-	220,497
Rental properties	639,995	-	639,995
Development	276,676	-	276,676
Supportive services	187,477	-	187,477
Administrative	138,360	-	138,360
Fundraising	<u>101,407</u>	<u>-</u>	<u>101,407</u>
Total expenses	<u>1,564,412</u>	<u>-</u>	<u>1,564,412</u>
Change in net assets	527,006	50,830	577,836
NET ASSETS, beginning of year	<u>4,873,512</u>	<u>66,903</u>	<u>4,940,415</u>
NET ASSETS, end of year	<u>\$5,400,518</u>	<u>\$ 117,733</u>	<u>\$5,518,251</u>

The accompanying notes are an integral part of this statement.

WOMEN'S COMMUNITY REVITALIZATION PROJECT

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED

SEPTEMBER 30, 2017

	Outreach	Rental Properties	Development	Supportive Services	Total Program Expenses	Administrative	Fundraising	Total Expenses
Salaries and wages	\$142,833	\$397,879	\$176,912	\$123,473	\$ 841,097	\$ 85,147	\$ 61,539	\$ 987,783
Payroll tax expense	15,227	42,419	18,861	13,163	89,670	9,079	6,561	105,310
Employee benefits	20,612	57,418	25,530	17,818	121,378	12,287	8,881	142,546
Conferences	5,207	1,957	3,554	881	11,599	402	5,459	17,460
Professional fees	2,110	5,876	2,613	1,824	12,423	1,257	909	14,589
Consultants	4,646	12,427	21,454	7,171	45,698	2,660	4,987	53,345
Occupancy	9,127	25,423	11,304	7,890	53,744	5,440	3,932	63,116
Repairs and maintenance	451	1,257	559	389	2,656	269	195	3,120
Telephone	2,652	7,389	3,285	2,293	15,619	1,581	1,143	18,343
Office supplies	2,472	6,885	3,061	2,136	14,554	1,472	1,065	17,091
Postage	401	1,118	497	347	2,363	240	2,403	5,006
Advertising	187	522	232	162	1,103	111	491	1,705
Publications/memberships	1,083	1,624	722	504	3,933	347	751	5,031
Small equipment	93	259	115	80	547	55	40	642
Travel	7,191	4,108	1,827	1,313	14,439	880	635	15,954
Interest	-	594	-	-	594	-	-	594
Insurance	3,835	10,684	4,751	3,316	22,586	2,287	1,652	26,525
Miscellaneous	-	-	-	-	-	14,172	277	14,449
Program supplies	1,279	107	48	3,774	5,208	23	17	5,248
Real estate costs	-	8,870	-	-	8,870	-	-	8,870
Bad debt expense	-	29,400	-	-	29,400	-	-	29,400
Total expenses before depreciation	219,406	616,216	275,325	186,534	1,297,481	137,709	100,937	1,536,127
Depreciation	1,091	23,779	1,351	943	27,164	651	470	28,285
Total expenses	<u>\$220,497</u>	<u>\$639,995</u>	<u>\$276,676</u>	<u>\$187,477</u>	<u>\$1,324,645</u>	<u>\$138,360</u>	<u>\$101,407</u>	<u>\$1,564,412</u>

The accompanying notes are an integral part of this statement.

WOMEN'S COMMUNITY REVITALIZATION PROJECT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED

SEPTEMBER 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 577,836
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	28,284
Allowance for doubtful accounts	29,400
Unrealized gain on investments	(60,941)
Increase in	
Accounts receivable	(41,667)
Prepaid expenses	(17,126)
Deferred project costs	(8,939)
Notes receivable	(81,261)
Accrued expenses	18,043
Decrease in	
Grants receivable	23,783
Accounts payable	(96,134)
Deferred revenue	<u>(27,746)</u>
Net cash provided by operating activities	<u>343,532</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	(2,935)
Investment in partnerships	(172,405)
Investment in marketable securities	<u>(3,772)</u>
Net cash provided by investing activities	<u>(179,112)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from note payable	203,942
Payments on note payable	<u>(5,107)</u>
Net cash provided by financing activities	<u>198,835</u>
Net increase in cash	363,255

CASH, beginning of year	<u>914,580</u>
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CASH, end of year	<u><u>\$1,277,835</u></u>
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SUPPLEMENTAL INFORMATION:

Interest paid	<u><u>\$ 594</u></u>
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The accompanying notes are an integral part of this statement.

WOMEN'S COMMUNITY REVITALIZATION PROJECT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

(1) PROGRAMS AND ACTIVITIES

(a) Nature of Activities

The Women's Community Revitalization Project (WCRP) was organized as a Pennsylvania nonprofit corporation on April 10, 1987, to improve the housing, economic and social conditions of low-income women and their families, particularly women-headed households living in Eastern North Philadelphia. WCRP develops affordable housing, provides supportive services, and advocates for policy change. The Organization undertakes these projects with a parallel goal of developing the leadership skills of low-income women.

(b) Scattered Site Housing

WCRP's first venture consisted of the acquisition and rehabilitation of eight scattered site units requiring moderate rehabilitation for rental to very low-income tenants with children who were either homeless or at risk of homelessness. During the year ended September 30, 1999, the Board decided to convert these units to homeownership through the City of Philadelphia Homeownership Rehabilitation Program. As of September 30, 2002, all of the properties were sold to low-income families.

(c) Villanueva Townhomes

WCRP developed 24 new rental apartments for the use of low-income families referred to as the Villanueva Townhomes. The project was organized in the form of a limited partnership named Somerset Street Associates. WCRP established a nonprofit corporation, Somerset Housing Corporation, as the 1% general partner in this venture. The equity partner had a 99% limited partnership interest in the project and transferred that interest to WCRP effective on April 30, 2009. As of May 2012, these 24 units were included as part of a preservation project of 77 units known as Tillmon Villanueva Limited Partnership. WCRP has established a .01% general partner in this venture and obtained an equity partner that has a 99.99% limited partner interest in the project, which was completed and fully leased in December 2013.

(1) PROGRAMS AND ACTIVITIES (CONT'D)

(d) Child Care Center Project

WCRP developed a two-story child care center on property adjoining the Villanueva Housing Project. The center is owned by WCRP and leased to an established day care provider. During the year ended September 30, 1995, the organization added a third story to the existing child care facility providing child care for a total of 75 children.

(e) Villanueva Townhomes - Phase II

WCRP developed 30 new rental apartments for the use of low-income families referred to as Villanueva Associates. The project was organized in the form of a limited partnership named Villanueva Associates L.P. WCRP established a nonprofit corporation, Eighth Street Development Corporation, as the 1% general partner in this venture. The equity partner had a 99% limited partnership interest in the project. The first tenants moved in on January 15, 1995. As of May 2012, these 30 units became part of a preservation project of 77 units known as the Tillmon Villanueva Limited Partnership. WCRP has established a .01% general partner in this venture and obtained an equity partner that has a 99.99% limited partner interest in the project, which was completed and fully leased in December 2013.

(f) Johnnie Tillmon Townhouses

WCRP developed 23 new rental units for the use of low-income families referred to as the Johnnie Tillmon Townhouses. This project was organized in the form of a limited partnership named Orianna Street Limited Partnership. WCRP established a nonprofit corporation, Orianna Street, Inc., as the 1% general partner in this venture. The equity partner had a 99% limited partnership interest in the project. The first tenants moved in on November 1, 1997. As of May 2012, these 23 units became part of a preservation project of 77 units known as the Tillmon Villanueva Limited Partnership. WCRP has established a .01% general partner in this venture and obtained an equity partner that has a 99.99% limited partner interest in the project, which was completed and fully leased in December 2013.

(1) PROGRAMS AND ACTIVITIES (CONT'D)

(g) Lillia Crippen Townhomes

WCRP developed 26 new units for the use of low-income families referred to as the Lillia Crippen Townhomes. The project was organized in the form of a limited partnership named Targeted Neighborhood Initiative L.P. WCRP established a nonprofit corporation, Targeted Neighborhood Initiative, Inc., as the .01% general partner in this venture. Women and Families Housing Corporation, a nonprofit wholly controlled by WCRP, has a 99.99% limited partner interest in this project as of August 2014, replacing the tax credit investor. The first tenants moved in June 1999.

(h) Lillia Crippen Townhomes Phase II

WCRP developed 20 units of low-income special needs housing referred to as the Lillia Crippen Townhomes Phase II. This project was organized in the form of a limited partnership named TNI 2 Limited Partnership. WCRP established a nonprofit corporation, TNI 2 Development Corporation, as the .01% general partner in this venture. The equity investor has a 99.99% limited partner interest in this project. The first tenants moved in April 2002.

(i) Karen Donnally Townhouses

WCRP developed 32 units of low-income special needs housing referred to as the Karen Donnally Townhouses. This project was organized in the form of a limited partnership named 4th and Diamond Limited Partnership. WCRP established a nonprofit corporation, 4th and Diamond Development Corporation, as the .01% general partner in this venture. The equity investor has a 99.99% limited partner interest in this project. The first tenants moved in April 2005.

(j) Iris Nydia Brown Townhouses

WCRP developed 12 units of low-income special needs housing referred to as the Iris Nydia Brown Townhouses. This project has been organized in the form of a limited partnership named INB Limited Partnership. WCRP established a nonprofit corporation, INB Development Corporation as the .01% general partner in this venture. The equity investor has a 99.99% limited partner interest in this project. The first tenants moved in November 2005.

(1) PROGRAMS AND ACTIVITIES (CONT'D)

(k) Evelyn Sanders Townhouses Phase I

WCRP developed 40 units of low-income special needs housing referred to as the Evelyn Sanders Townhouses. This project has been organized in the form of a limited partnership named Evelyn Sanders, L.P. WCRP established a nonprofit corporation, Evelyn Sanders Development Corporation as the .01% general partner in this venture. The equity investor has a 99.99% limited partner interest in this project. The first tenants moved in June 2009.

(l) Evelyn Sanders Townhouses Phase II

WCRP developed 31 units of low-income housing referred to as the Evelyn Sanders Townhouses Phase II. This project has been organized in the form of a limited partnership named Evelyn Sanders 2, L.P. WCRP established a nonprofit corporation, Evelyn Sanders 2 G.P., Inc. as the .01% general partner in this venture. The equity investor has a 99.99% limited partner interest in this project. The first tenants moved in February 2011.

(m) Tillmon Villanueva Preservation

In 2011, WCRP was awarded tax credits for substantial capital improvements to its three oldest developments (77 units). As a result, these developments have been organized under a new limited partnership, Tillmon Villanueva Limited Partnership. WCRP established a non-profit corporation, Tillmon Villanueva G.P., Inc., to serve as general partner of Tillmon Villanueva Limited Partnership as the .01% general partner in this venture. The equity investor has a 99.99% limited partner interest in this project. Renovation activities began in May 2012 and was completed. The project was fully leased-up in December 2013.

(n) Grace Townhomes

In 2014, WCRP was awarded tax credits for the construction of Grace Townhomes, 36 units of low-income housing in Port Richmond. The project has been organized in the form of a limited partnership named Grace Townhomes, L.P. WCRP established a nonprofit corporation, Grace G.P., Inc., as the .01% general partner in this venture. The equity investor has a 99.99% limited partner interest in this project. Grace Townhomes, which were fully occupied by November 2016, is WCRP's first Community Justice Land Trust development. The families who are tenants will have the option of buying their unit and becoming homeowners at the end of the tax credit compliance period.

(1) PROGRAMS AND ACTIVITIES (CONT'D)

(o) Development Services

1. As part of its general oversight of the limited partnerships, in 2002 WCRP assumed complete responsibility for the property management of the rental housing it developed and other real estate it owns.
2. In 2010, the Community Justice Land Trust was created as a PA non-profit corporation to hold land for housing, community gardens and commercial projects to be developed as affordable, sustainable community assets by WCRP or its partners.
3. WCRP continued predevelopment of a 35-home site in East Germantown to be named Nicole Hines Townhomes.
4. WCRP continued predevelopment of a 33-home site in Point Breeze to be named Mamie Nichols Townhomes.
5. WCRP continued predevelopment of a 4% tax credit preservation deal for the existing Lillia Crippen and Lillia Crippen Phase II developments with the goal of substantial capital improvements to those properties.

(p) Supportive Services

WCRP has created a Supportive Services program to assist its 274 tenant families with personal, family and economic goals through intensive case management, community building and leadership development activities. Due to the prolonged downturn in the economy, the focus of WCRP's supportive services during the year was on supporting tenants in maintaining their housing stability. In addition, WCRP conducted an analysis of changes in tenant income based on more than 14 years of data. The analysis found that tenant income increases 67% over the first four years in WCRP housing.

(q) Outreach and Advocacy

WCRP believes housing alone cannot revitalize neighborhoods and, to that end, has a community outreach and organizing component to address the issues and concerns of tenants and residents in the communities where WCRP develops affordable homes, as well as in communities throughout Philadelphia.

(1) PROGRAMS AND ACTIVITIES (CONT'D)

(q) Outreach and Advocacy (Cont'd)

To date, the Outreach and Advocacy Team (OAT) has conducted open space and greening activities, including the development of 155 greening projects, and has provided community education and leadership development activities, as well as having produced a manual on welfare reform.

In 2000, WCRP implemented its Affordable Housing Campaign, which engaged constituents and other organizations in advocating for increased resources for affordable housing for the city's lowest income families which led to the creation of the Philadelphia Housing Trust Fund.

In 2005, WCRP also initiated an Equitable Development Campaign to ensure that long term residents of neighborhoods that are rapidly increasing in value benefit from the improvements in their communities rather than being forced to move out by rising property values.

In 2009, WCRP worked with a coalition of 15 neighborhood based organizations, "Eastern North Philadelphia Coalition," to develop a neighborhood strategic plan as well as a land use plan to make vacant land available for long-term affordability.

In response to the neighborhood plan's priorities, WCRP convened the Campaign to Take Back Vacant Land, expanding its equitable development work to advocate for the City of Philadelphia to support families and build neighborhoods by transforming its acres of blighted, unused land into quality housing, good jobs and fresh food. Forty-seven (47) organizations joined this coalition, which was successful in advocating for the creation of a municipal land bank in Philadelphia. The land bank was signed into law in January, 2014.

In Summer 2014, WCRP and partners formed the Philadelphia Coalition for Affordable Communities and, in September, publicly launched the Development without Displacement Campaign. The goal of this campaign is to prevent the displacement of low-income residents by successfully advocating for the passage of laws that create new resources for affordable housing and other community uses such as urban agriculture. Membership of the Coalition stands at 60 at the end of FY 2017.

(1) PROGRAMS AND ACTIVITIES (CONT'D)

(r) Strategic Planning

In September, 2014, WCRP's board approved a new organizational strategic plan to guide WCRP's work from 2015 through 2018.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These financial statements present only the non-profit operations of WCRP. WCRP has ownership of or controlling interest through stock ownership in the general partners of various for-profit real estate limited partnerships. These financial statements do not include consolidation with those entities.

WCRP follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, to prepare its financial statements in accordance with generally accepted accounting principles. Under ASC 958, WCRP 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. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management estimates.

(b) Restricted and Unrestricted Support

WCRP follows FASB ASC 958, *Not-for-Profit Entities*, in recording contributions received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activity as Net assets released from restrictions.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activity and in the Statement of Functional Expenses. Accordingly, certain administrative and fundraising costs have been allocated to the programs based on usage.

(d) Total Columns

Total columns are presented to facilitate financial analysis. Data in these columns do not present financial position, results of operations and changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

(e) Contributed Services and Facilities

Certain contributed services and facilities were provided to develop and maintain the programs of WCRP, however, the value of this contributed time and facilities is not reflected in these financial statements since it is not susceptible to objective measurement or evaluation.

(f) Property, Renovations and Depreciation

Property contributed and purchases made during the program year relating to property, renovations to property and equipment over \$500 are capitalized using the appraised value or historical cost basis and are depreciated on the straight line basis over the estimated useful lives of the assets, ranging from 5 to 30 years. Expenditures for maintenance and repairs incurred in the ordinary course of operations are expensed.

The cost of capitalized assets as of September 30, 2017, are as follows:

Land	\$ 87,957
Property and improvements	967,345
Equipment and furnishings	<u>48,605</u>
	1,103,907
Less accumulated depreciation	<u>(859,035)</u>
	<u>\$ 244,872</u>

(g) Supplies

Supplies purchased during the program year are charged as current expenditures and those remaining at the end of the program year are not inventoried.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Income Taxes

Women's Community Revitalization Project is a nonprofit WCRP exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions to WCRP as provided by the Internal Revenue Code.

(i) Deferred Project Costs

Management has elected to defer costs related to project predevelopment or revision until the development phase is completed.

(j) Cash

Cash is defined as all cash in bank accounts, money market accounts, and cash on hand for purposes of this statement.

(k) Allowance for Doubtful Accounts

WCRP provides an allowance for accounts receivable balances that may be uncollectible. The allowance is based on management's review and estimate of receivables outstanding at year end. Due to uncertainties related to the current tenant of Childcare Center, the allowance required at September 30, 2017, was \$35,800.

(3) INVESTMENTS

(a) Investment in Partnerships

WCRP has contributed money to its projects to set up rent subsidy reserves and to finance unfunded development costs, property management expenses and other costs.

The amounts invested in the Partnerships are as follows:

TNI2 Limited Partnership	\$ 226,411
4th & Diamond Development Corporation	59,321
INB Limited Partnership	35,372
Evelyn Sanders, L.P.	758,752
Evelyn Sanders II, L.P.	569,931
Tillmon Villanueva Limited Partnership	203,591
Grace Townhomes	<u>215,404</u>
	<u>\$2,068,782</u>

(3) INVESTMENTS (CONT'D)

(b) Investments in Marketable Securities

1. Investments - Mutual Funds

WCRP invested \$100,000 in mutual funds during the year ended September 30, 1996. These funds were invested by WCRP to establish a board designated endowment fund. The market value and unrealized gain on investments are as follows:

Cost	\$225,144
Market Value	<u>396,177</u>
Unrealized gain	<u>\$171,033</u>

2. Investments

During the year ended September 30, 2012, WCRP created a reserve for Evelyn Sanders 2, L.P. to supplement the primary rental reserve established through the partnership. The proceeds from this supplemental investment (a total of \$368,994) are planned to be used to subsidize the rental units owned by Evelyn Sanders 2, L.P., allowing lower rents to be charged to tenants. These funds are currently being used to fund predevelopment costs for future projects.

(4) NOTES RECEIVABLE

(a) Note Receivable - Tillmon Villanueva

WCRP provided funding of \$545,152 to Tillmon Villanueva Housing Project in the form of a mortgage note. The note receivable bears interest at 6.5% which accrues annually. Repayment of principal and interest is due on the 30th anniversary of the note. The note is secured by the property. At September 30, 2017, the balance totaled \$766,192, including accrued interest of \$221,041.

(b) Note Receivable - 4th & Diamond

WCRP provided funding of \$230,693 to 4th and Diamond L.P. in the form of a mortgage note. The note receivable bears interest at 5.08% which accrues monthly. Principal and interest will be payable in full on the 31st anniversary of the loan closing. The note is secured by the property. At September 30, 2017, the balance totaled \$437,989, including accrued interest of \$207,296.

(4) NOTES RECEIVABLE (CONT'D)

(c) Note Receivable - INB

WCRP provided funding of \$164,953 to INB Limited Partnership in the form of a mortgage note. The note receivable bears interest at 4.7% which accrues annually. Principal and interest will be payable in full on the 31st anniversary of the loan closing. The note is secured by the property. At September 30, 2017, the balance totaled \$286,233, including accrued interest of \$121,280.

(5) LINE OF CREDIT

WCRP has established a \$200,000 working capital line of credit with interest due quarterly at 6.00%. Principal plus all accrued and unpaid interest is due in full on March 31, 2018. There was no balance due at September 30, 2017.

(6) NOTES PAYABLE

(a) Predevelopment Recoverable Grant

WCRP obtained a predevelopment loan in the amount of \$50,000 to finance predevelopment of a project. The loan is non-interest bearing and is due in December, 2018. The balance due at September 30, 2017, is \$50,000.

(b) Predevelopment Notes Payable

WCRP obtained a predevelopment loan in the amount of \$20,986. The funds are to assist WCRP in purchasing property and relocating owners/residents related to its current projects. The note bears no interest and will be forgiven in full on its thirtieth anniversary. The balance due at September 30, 2017, is \$20,986.

(c) Predevelopment Notes Payable

WCRP obtained a predevelopment loan in the amount of \$48,029. The funds are to assist WCRP in purchasing property and relocating owners/residents related to its current projects. The note bears no interest and will be forgiven in full on its thirtieth anniversary. The balance due at September 30, 2017, is \$48,029.

(d) Predevelopment Notes Payable

WCRP obtained a predevelopment loan from the Corporation for Supportive Housing (CSH) in the amount of \$500,000. The funds are to assist WCRP with predevelopment costs associated with its three (3) planned developments. The note is non-amortizing and bears interest at 6.125% due in full on its second anniversary. The balance due at September 30, 2017, is \$203,942.

(6) NOTES PAYABLE (CONT'D)

(d) Loan Payable

During the year ended September 30, 2014, WCRP obtained a loan to purchase a vehicle for \$24,500. The loan bears interest at 5.99% and is payable in 60 monthly installments of \$474. Payments made during the year ended September 30, 2017, totaled \$5,491.

At September 30, 2017, the future minimum payments were as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2018	\$ 5,867
2019	<u>1,426</u>
	<u>\$ 7,293</u>

(7) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Emergency fund	\$ 63,483
Supportive and Tenant services	41,750
Real Estate Development	<u>12,500</u>
	<u>\$117,733</u>

(8) NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors, as follows:

Outreach and Advocacy	\$ 27,500
Emergency fund	6,670
Real Estate development	16,000
Supportive and tenant services	<u>100,000</u>
	<u>\$150,170</u>

(9) REVENUE SOURCES

During the year ended September 30, 2017, WCRP received approximately 48% of its revenue from professional fees, 19% of its revenue from other sources, and 14% of its revenue from foundation grants.

(10) FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The financial transaction that potentially subjects the organization's concentrations of credit risk consists of the organization's placement of temporary cash investments. The organization creates a credit risk by having on deposit with a financial institution funds in excess of federally insured limits. At September 30, 2017, the organization had \$873,615 on deposit in excess of federally insured limits with a financial institution.

(11) PENSION PLAN

WCRP has a pension plan covering employees who meet certain eligibility requirements. WCRP has the option of contributing a percentage of the employee's base pay to the plan. Additionally, WCRP has a 403(b) plan where employees may make payroll contributions which may be tax deferred in accordance with the Internal Revenue Code. All funds contributed are 100% vested in the employee's name. No employer contributions were made for year ended September 30, 2017.

(12) COMMITMENTS AND CONTINGENCIES

(a) Rental Lease

In March, 2014, WCRP entered into a non-cancellable lease for office space. Effective August 2014, the lease is for a term of 61 months with a monthly payment of \$3,314 for the initial 12 months, with annual 3% increases.

Additionally, WCRP will pay a proportionate share of operating expenses beginning at a rate of \$1,078 per month, subject to annual recalculation, and utilities beginning at a rate of \$589 per month, subject to annual recalculation. Rent expense under this lease totaled \$42,294 for the year ended September 30, 2017.

At September 30, 2017, the future minimum payments are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2018	\$ 43,563
2019	<u>44,758</u>
	<u>\$ 88,321</u>

(12) COMMITMENTS AND CONTINGENCIES (CONT'D)

(b) Operating Leases

WCRP leases office equipment under an operating lease with a 61 month term at a monthly rate of \$242. Rental payments for the year ended September 30, 2017, totaled \$2,905.

At September 30, 2017, the future minimum payments were as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2018	\$ 2,905
2019	<u>2,420</u>
	<u>\$ 5,325</u>

(c) Contingent Liability

As developer of several housing projects, WCRP is contingently liable as detailed in the respective partnership and development agreements for operating deficits and reduced tax benefits, should these occur.

(13) SUBSEQUENT EVENTS

Management has evaluated all events through November 13, 2017, the date that these financial statements were available to be issued, and determined that there are no subsequent events that require disclosure.