

WOMEN'S COMMUNITY

REVITALIZATION PROJECT
(A Nonprofit Corporation)

FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2020

Together With

Independent Auditor's Report

WOMEN'S COMMUNITY REVITALIZATION PROJECT

SEPTEMBER 30, 2020

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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, 2020, which comprise the statement of financial position as of September 30, 2020, 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, 2020, 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 style and is positioned to the left of a vertical line.

Katherine R. Conlon, CPA
Malvern, Pennsylvania
November 13, 2020

WOMEN'S COMMUNITY REVITALIZATION PROJECT

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2020

ASSETS

CURRENT ASSETS

Cash	\$1,377,865
Accounts receivable, net of allowance	546,147
Prepaid expenses	3,535
Deferred project costs	<u>932,428</u>
Total current assets	<u>2,859,975</u>

PROPERTY AND EQUIPMENT, net

172,733

OTHER ASSETS

Deposits	4,981
Investments in partnerships	1,526,817
Notes receivable	<u>2,288,628</u>
Total other assets	<u>3,820,426</u>

Total assets

\$6,853,134

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 298,022
Accrued expenses	45,006
Accrued payroll and payroll taxes	109,113
Deferred revenue	8,400
Notes payable - short-term	<u>210,500</u>
Total current liabilities	671,041

LONG-TERM LIABILITIES

Deposits held in trust	4,000
Notes payable	<u>609,903</u>
Total liabilities	<u>1,284,944</u>

NET ASSETS

Without donor restrictions	
Operating	4,895,650
Board Designated	<u>416,902</u>
Total net assets without donor restrictions	5,312,552
With donor restrictions	<u>255,638</u>
Total net assets	<u>5,568,190</u>
Total liabilities and net assets	<u>\$6,853,134</u>

The accompanying notes are an integral part of this statement.

WOMEN'S COMMUNITY REVITALIZATION PROJECT

STATEMENT OF ACTIVITY

FOR THE YEAR ENDED

SEPTEMBER 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT			
Foundation grants	\$ 158,310	\$321,000	\$ 479,310
Business contributions	622,083	-	622,083
Government grants	25,539	-	25,539
Individual contributions	28,826	-	28,826
Miscellaneous income	6,017	-	6,017
Total public support	<u>840,775</u>	<u>321,000</u>	<u>1,161,775</u>
REVENUE			
Rental income	50,400	-	50,400
Investment income	124,233	-	124,233
Professional fees	1,343,398	-	1,343,398
Total revenue	<u>1,518,031</u>	<u>-</u>	<u>1,518,031</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>268,794</u>	<u>(268,794)</u>	<u>-</u>
Total public support and revenue	<u>2,627,600</u>	<u>52,206</u>	<u>2,679,806</u>
EXPENSES			
Outreach	297,014	-	297,014
Rental properties	721,002	-	721,002
Development	714,222	-	714,222
Supportive services	203,877	-	203,877
Administrative	184,487	-	184,487
Fundraising	87,264	-	87,264
Total expenses	<u>2,207,866</u>	<u>-</u>	<u>2,207,866</u>
Change in net assets	419,734	52,206	471,940
NET ASSETS, beginning of year	<u>4,892,818</u>	<u>203,432</u>	<u>5,096,250</u>
NET ASSETS, end of year	<u>\$5,312,552</u>	<u>\$255,638</u>	<u>\$5,568,190</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, 2020

	Outreach	Rental Properties	Development	Supportive Services	Total Program Expenses	Administrative	Fundraising	Total Expenses
Salaries and wages	\$168,258	\$457,275	\$191,583	\$122,991	\$ 940,107	\$111,028	\$50,937	\$1,102,072
Payroll tax expense	19,481	52,945	22,182	14,241	108,849	12,855	5,897	127,601
Employee benefits	32,045	87,089	36,488	23,424	179,046	21,145	9,701	209,892
Conferences	1,741	1,271	856	342	4,210	309	142	4,661
Professional fees	2,989	8,123	7,854	2,184	21,150	2,122	905	24,177
Consultants	43,359	10,879	8,764	7,845	70,847	4,555	11,192	86,594
Occupancy	10,283	27,945	11,708	7,516	57,452	6,784	3,113	67,349
Repairs and maintenance	1,008	2,738	1,147	737	5,630	665	305	6,600
Telephone	4,352	11,863	4,813	3,090	24,118	2,789	1,280	28,187
Office supplies	3,495	9,314	3,876	2,504	19,189	2,246	1,031	22,466
Postage	597	1,622	679	436	3,334	393	181	3,908
Printing	267	581	244	156	1,248	141	65	1,454
Advertising	-	-	348	-	348	302	-	650
Publications/memberships	-	-	276	-	276	6,372	250	6,898
Travel	2,278	2,462	988	589	6,317	533	252	7,102
Insurance	5,856	15,916	6,668	4,281	32,721	3,864	1,773	38,358
Miscellaneous	23	63	26	17	129	7,874	7	8,010
Program supplies	436	613	257	13,125	14,431	149	68	14,648
Real estate costs	-	8,079	-	-	8,079	-	-	8,079
Development expenses	-	-	<u>414,843</u>	-	<u>414,843</u>	-	-	<u>414,843</u>
Total expenses before depreciation	296,468	698,778	713,600	203,478	1,912,324	184,126	87,099	2,183,549
Depreciation	<u>546</u>	<u>22,224</u>	<u>622</u>	<u>399</u>	<u>23,791</u>	<u>361</u>	<u>165</u>	<u>24,317</u>
Total expenses	<u>\$297,014</u>	<u>\$721,002</u>	<u>\$714,222</u>	<u>\$203,877</u>	<u>\$1,936,115</u>	<u>\$184,487</u>	<u>\$87,264</u>	<u>\$2,207,866</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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 471,940
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	24,317
Note receivable for land transfer	(500,000)
Increase in	
Accounts receivable	(221,239)
Deferred project costs	(6,471)
Notes receivable	(121,097)
Accrued expenses	44,058
Decrease in	
Grants receivable	52,319
Prepaid expenses	16,932
Accounts payable	<u>(49,815)</u>
Net cash used for operating activities	<u>(289,056)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(2,830)
Deferred project costs	<u>44,934</u>
Net cash provided by investing activities	<u>42,104</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from note payable	<u>179,236</u>
Net cash provided by financing activities	<u>179,236</u>
Net decrease in cash	(67,716)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,445,581</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$1,377,865</u></u>
SUPPLEMENTAL INFORMATION:	
Interest paid	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

WOMEN'S COMMUNITY REVITALIZATION PROJECT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

(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. Women and Families Housing Corporation, a nonprofit wholly controlled by WCRP, has a 99.99% limited partner interest in this project as of January, 2017, replacing the tax credit investor. The first tenants moved in June 1999. 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) Nicole Hines Townhomes

WCRP was awarded 2019 low income housing tax credits for the construction of Nicole Hines Townhomes, 35 units of low-income housing in Germantown. Financial closing occurred in August, 2019, and the project is under construction. The project has been organized in the form of a limited partnership named Nicole Hines Townhomes Limited Partnership. WCRP established a nonprofit corporation, Nicole Hines G.P., Inc., as the .01% general partner in this venture. The equity investor has a 99.99% limited partner interest in this project.

(p) 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 program of WCRP to hold land for housing, community gardens and commercial projects to be developed as affordable, sustainable community assets by WCRP or its partners. The land for Grace Townhomes and Nicole Hines Townhomes have been placed into the land trust so that these properties remain permanently affordable.
3. In July of 2019, WCRP was awarded an allocation of 9% low income housing tax credits for development of a 33-home site in Point Breeze to be named Mamie Nichols Townhomes. Closing on this deal is expected by the end of December 2020.
4. In FY 2020, WCRP began construction of a 4% tax credit preservation deal for the existing Lillia Crippen and Lillia Crippen Phase 2 developments with the goal of substantial capital improvements to those properties. Completion of this project is anticipated for January 2021.
5. WCRP began development of five (5) homeownership units in Pt. Breeze to be named the Mamie Nichols Homeownership Development. Construction began in April 2020 and units are expected to be completed and sold by early 2021.

(1) PROGRAMS AND ACTIVITIES (CONT'D)

(p) Development Services (Cont'd)

6. WCRP secured 4% tax credits for a preservation deal for the Karen Donnally and Iris Nydia Brown Townhomes developments with the goal of substantial capital improvements to these properties. Construction will begin in 2021.
7. WCRP began predevelopment of a site in Grays Ferry for 27 affordable rental homes to be named Mamie Nichols Townhomes Phase 2.

(q) 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. During FY 2020, COVID-19 had a direct impact on many tenants as they lost employment, experienced reduced hours, were exposed to the virus and otherwise faced numerous obstacles. The focus of WCRP's supportive services thus was on supporting tenants in maintaining their housing stability and in coping with challenging circumstances that arose due to the coronavirus. In addition, WCRP conducted its annual analysis of changes in tenant income based on income through the end of 2019 and found that tenant income increased by 64% over the first four years in WCRP housing.

(r) Outreach and Advocacy

WCRP believes housing alone cannot revitalize a neighborhood and, to that end, has a community outreach and advocacy component to address the issues and concerns of tenants and residents in the community. 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.

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.

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. In 2010, the Community Justice Land Trust (see above) was established by the Coalition as a program of WCRP as a strategy to develop vacant land for long term affordability.

(1) PROGRAMS AND ACTIVITIES (CONT'D)

(r) Outreach and Advocacy (Cont'd)

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. In October of 2018 the Coalition won \$71M for the City's Housing Trust Fund.

In December 2019, WCRP and partners in the Philadelphia Coalition for Affordable Communities successfully advocated for two new policies governing real estate development, both aimed at bringing new resources into the Housing Trust Fund where they would be used for affordable housing. With the outbreak of COVID-19 in Spring 2020, the coalition fought sharp cuts proposed to the City's 2021 budget, dollars previously committed to the Housing Trust Fund. Through a rapid response campaign, the coalition succeeded in reversing these cuts and adding additional funds to the Housing Trust Fund. Membership of the Coalition stands at 58 at the end of FY 2020.

(s) Strategic Planning

In 2019, WCRP's board approved an update to its 5 year strategic plan for 2015-2019. The new organizational strategic plan guides WCRP's work from 2019 through 2021.

(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.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of Presentation (Cont'd)

The organization follows Financial Accounting Standards Board (FASB) ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities to prepare its financial statements in accordance with generally accepted accounting standards. Under ASC No. 958, the organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

(b) Restricted and Unrestricted Support

The organization follows Financial Accounting Standards Board (FASB) ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, in recording contributions received. Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

(c) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(d) 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.

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

(e) 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.

(f) 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.

(g) 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.

(h) 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, 2020, are as follows:

Land	\$ 53,597
Property and improvements	1,001,705
Equipment and furnishings	<u>54,809</u>
	1,110,111
Less accumulated depreciation	<u>(937,378)</u>
	<u>\$ 172,733</u>

(i) 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.

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

(j) Deferred Project Costs

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

(k) Cash

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

(l) 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. There was no allowance required at September 30, 2020.

(m) Board Designated Reserve

The Board of directors has established a reserve fund to assist in long term financial viability of the organization.

(n) COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. As a result, programming has been drastically changed from in person to virtual. While the disruption is currently expected to be temporary, there is uncertainty around the duration. Therefore, while we expect this matter to impact our results of operations and financial position, the related financial impact cannot be reasonably estimated at this time. As a result, the organization has obtained a PPP loan and other resources targeted to assist non-profits through the pandemic.

(3) 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.

(3) INVESTMENT IN PARTNERSHIPS (CONT'D)

The amounts invested in the Partnerships are as follows:

INB Limited Partnership	\$ 6,238
Evelyn Sanders, L.P.	710,898
Evelyn Sanders II, L.P.	523,671
Tillmon Villanueva Limited Partnership	165,605
Grace Townhomes	115,404
Nicole Hines Townhomes, L.P.	<u>5,001</u>
	<u>\$1,526,817</u>

(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, 2020, the balance totaled \$925,523, including accrued interest of \$380,371.

(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, 2020, the balance totaled \$509,929, including accrued interest of \$279,236.

(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, 2020, the balance totaled \$328,518, including accrued interest of \$163,565.

(d) Note Receivable - Lillia Crippen

WCRP provided funding of \$500,000 to Lillian Crippen Limited Partnership in the form of a mortgage note. The note receivable bears interest at 6.0% which accrues annually. Principal and interest will be payable in full on the 37th anniversary of the loan closing. The note is secured by the property. At September 30, 2020, the balance totaled \$524,658, including accrued interest of \$24,658.

(5) NOTES PAYABLE

(a) Predevelopment Notes Payable

WCRP obtained a predevelopment loan in the amount of \$20,986. The funds were to assist WCRP in purchasing property and relocating owners/residents related to Evelyn Sanders, L.P. The note bears no interest and will be forgiven in full on its thirtieth anniversary in October 2037. The balance due at September 30, 2020, is \$20,986.

(b) 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 Evelyn Sanders, L.P. The note bears no interest and will be forgiven in full on its thirtieth anniversary in April 2038. The balance due at September 30, 2020, is \$48,029.

(c) Predevelopment Notes Payable

During the year ended September 30, 2018, 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 three projects. The note is non-amortizing and bears interest at 6.125% due in full on its second anniversary. The balance due at September 30, 2020, is \$287,176 for Mamie Nichols Townhomes.

(d) Predevelopment Notes Payable

During the year ended September 30, 2020, WCRP obtained a predevelopment loan from Local Initiatives Support Corporation (LISC) in the amount of \$208,000. The funds are to assist WCRP with predevelopment of the Mamie Nichols Homeownership Development. The note bears interest at 6.0% per year and is due in February 2021. The balance due at September 30, 2020, is \$160,000.

(e) Predevelopment Notes Payable

During the year ended September 30, 2020, WCRP obtained a predevelopment loan from Local Initiatives Support Corporation (LISC) in the amount of \$187,000. The funds are to assist WCRP with predevelopment of the Iris Nydia Brown and Karen Donnally Preservation projects. The note bears interest at 6.0% per year and is due in February 2022. The balance due at September 30, 2020, is \$93,712.

(5) NOTES PAYABLE (CONT'D)

(f) Paycheck Protection Program

The organization applied for and was approved for a \$210,500 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the U.S. Small Business Administration. The loan accrued interest at 1%, but payments are not required to begin for two years after the funding of the loan. The organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements.

(6) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

Emergency fund	\$122,555
Outreach and Advocacy	40,000
Supportive and tenant services	72,250
General operating expenses	<u>20,833</u>

\$255,638

(7) 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:

Emergency fund	\$ 12,960
Outreach and Advocacy	175,333
Supportive and tenant services	45,083
General operating expenses	<u>35,418</u>

\$268,794

(8) REVENUE SOURCES

During the year ended September 30, 2020, WCRP received approximately 60% of its revenue from professional fees, and 22% of its revenue from foundation grants.

WCRP earns fees as a developer of affordable housing opportunities in the multifamily real estate market. Because the development process spans multiple years and is subject to regulatory oversight, professional fees related to these endeavors may not be earned until approximately 3-4 years after the development process begins. Accordingly, WCRP's annual revenue stream from housing fluctuates depending on where they are in the process. During the year ended September 30, 2019, WCRP was in the early stages of developing multiple affordable housing opportunities and incurred expenses that will be offset by earned developer fees in subsequent years as the developments are completed.

(9) 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, 2020, the organization had \$201,562 on deposit in excess of federally insured limits with a financial institution.

(10) 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, 2020.

(11) 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. In January, 2019, the lease was renewed for an additional 36 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 \$46,216 for the year ended September 30, 2020.

(b) Operating Leases

WCRP leases office equipment under an operating lease with a 60 month term at a monthly rate of \$330. Rental payments for the year ended September 30, 2020, totaled \$3,957.

(11) COMMITMENTS AND CONTINGENCIES (CONT'D)

At September 30, 2020, the future minimum payments were as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2021	\$ 51,560
2022	48,790
2023	3,957
2024	<u>2,638</u>
	<u>\$106,945</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.

(12) SUBSEQUENT EVENTS

Management has evaluated all events through November 13, 2020, the date that these financial statements were available to be issued, and determined that there are no subsequent events that require disclosure.

(13) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects WCRP's financial assets at the Statement of Financial Position date reduced by amounts not available for general use due to donor restrictions or board designations.

Cash	\$1,377,865
Accounts receivable	<u>546,147</u>
Subtotal	1,924,012
Less:	
Funds subject to donor restriction	(255,638)
Board designated funds	<u>(416,902)</u>
Financial assets available to meet cash needs within one year	<u>\$1,251,472</u>

WCRP is primarily supported by professional fees including property management fees, development fees and supportive services fees. Grants and contributions also provide a significant portion of WCRP's revenue.