

Women's Housing Coalition, Inc. and Related Entities

Consolidated Financial Statements and
Independent Auditor's Report

December 31, 2012 and 2011



TheLICHTERGroup LLC

Contents

Independent Auditors' Report On Consolidated Financial Statements	1 – 2
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Consolidated Statements of Functional Expenses	7
Notes To Consolidated Financial Statements	8 – 16
Supplementary Information	
Consolidated Schedule of Financial Position	17
Consolidated Schedule of Activities and Change in Net Assets	18 – 19
Schedule of Financial Position for Women's Housing Coalition, Inc.	20
Schedule of Activities for Women's Housing Coalition, Inc.	21



INDEPENDENT AUDITORS' REPORT

Board of Directors
Women's Housing Coalition, Inc.
Baltimore, Maryland

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Women's Housing Coalition, Inc. and related entities, which comprise the consolidated statement of financial position as of December 31, 2012 and the related consolidated statements of activities and cash flow for the year then ended.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 consolidated 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Women's Housing Coalition, Inc. and related entities, as of December 31, 2012, and its activities, the changes in the net assets and their cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.



The consolidated financial statements of Women's Housing Coalition, Inc. and related entities, as of December 31, 2011, were audited by other auditors whose report dated September 17, 2012, expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information shown on pages 17–21 is presented for purposes of additional analysis of Women's Housing Coalition, Inc. and related entities, and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The Lichter Group, LLC

The Lichter Group, LLC
Baltimore, Maryland
June 19, 2013

**The Women's Housing Coalition, Inc.
and Related Entities
Consolidated Statements of Financial Position
December 31, 2012 and 2011**

Assets

	2012	2011
Cash and Cash Equivalents	\$ 277,727	\$ 183,131
Accounts Receivable	3,168	33,209
Other Receivables	51,840	116,678
Restricted Cash	620,864	577,643
Investments, at Fair Value	768,140	773,628
Prepaid Expenses	48,216	53,084
Investments in Subsidiary	74,879	74,886
Property and Equipment, Net	3,788,545	2,655,732
Financing Fees and Mortgage Costs, Net	47,982	49,847
Total Assets	\$ 5,681,361	\$ 4,517,838

Liabilities and Net Assets

Accounts Payable	\$ 104,105	\$ 176,282
Security Deposit Payable	51,603	26,160
Accrued Interest Payable	750,609	688,193
Mortgages and Notes Payable	3,109,916	1,911,302
Miscellaneous Long-Term Liabilities	6,000	6,000
Grant Advance	200,000	200,000
Total Liabilities	4,222,233	3,007,937

Net Assets

Unrestricted		
Controlling Interests	1,469,587	1,361,535
Non-Controlling Interest	(40,459)	74,726
Temporarily Restricted	30,000	73,640
Total Stockholders' Equity	1,459,128	1,509,901
Total Liabilities and Stockholders' Equity	\$ 5,681,361	\$ 4,517,838

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

**The Women's Housing Coalition, Inc.
and Related Entities**
Consolidated Statements of Activities
For the Years Ended December 31, 2012 and 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues, Gains, and Other Support						
Contributions	\$ 44,315	\$ -	\$ 44,315	\$ 150,293	\$ -	\$ 150,293
Foundations	145,050	30,000	175,050	141,909	39,750	181,659
Special events, net of direct costs of \$24,342 in 2012 and \$32,779 in 2011	40,848	-	40,848	37,952	-	37,952
United Way	54,352	-	54,352	58,661	-	58,661
Revenues and Grants from Governmental Agencies	702,168	-	702,168	660,782	-	660,782
Other Revenues:						
Rent and Tenant Fees	79,637	-	79,637	70,799	-	70,799
Management Fees	9,733	-	9,733	9,644	-	9,644
Investment and Other	27,503	-	27,503	47,250	-	47,250
Realized and Unrealized Gain on Investments	68,400	-	68,400	17,489	-	17,489
Net Assets Released from Restriction	73,640	(73,640)	-	127,870	(127,870)	-
Total Revenues, Gains and Other Support	1,245,646	(43,640)	1,202,006	1,322,649	(88,120)	1,234,529
Operating Expenses:						
Program Services	1,108,053	-	1,108,053	1,095,630	-	1,095,630
Supporting Services:						
Management and General	110,480	-	110,480	183,876	-	183,876
Fundraising	28,524	-	28,524	36,596	-	36,596
Total Operating Expenses	1,247,057	-	1,247,057	1,316,102	-	1,316,102
Operating Loss	(1,411)	(43,640)	(45,051)	6,547	(88,120)	(81,573)
Revenue from Related Entities						
Foundations	43,000		43,000	-		-
Rent and Tenant Fees	365,397		365,397	311,985		311,985
Investment and Other	90,490		90,490	24,436		24,436
Total Revenue from Related Entities	498,887	-	498,887	336,421	-	336,421
Expenses - Related Entities	504,609		504,609	493,229		493,229
Change in Net Assets - Related Entities	(5,722)	-	(5,722)	(156,808)	-	(156,808)
Change in Net Assets before noncontrolling interest	(7,133)	(43,640)	(50,773)	(150,261)	(88,120)	(238,381)
Change in Net Assets Attributable to Noncontrolling Interest	(115,185)	-	(115,185)	(139,553)	-	(139,553)
Change in net assets - controlling interest	\$ 108,052	\$ (43,640)	\$ 64,412	\$ (10,708)	\$ (88,120)	\$ (98,828)

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

**The Women's Housing Coalition, Inc.
and Related Entities**
Consolidated Statements of Changes in Net Assets
For the Years Ended December 31, 2012 and 2011

	Controlling Interests	Non-Controlling Interest	Temporarily Restricted	Total
Balance, January 1, 2011	\$ 1,372,243	\$ 214,279	\$ 161,760	\$ 1,748,282
Changes in Net Assets	<u>(10,708)</u>	<u>(139,553)</u>	<u>(88,120)</u>	<u>(238,381)</u>
Balance, December 31, 2011	1,361,535	74,726	73,640	1,509,901
Changes in Net Assets	<u>108,052</u>	<u>(115,185)</u>	<u>(43,640)</u>	<u>(50,773)</u>
Balance, December 31, 2012	<u>\$ 1,469,587</u>	<u>\$ (40,459)</u>	<u>\$ 30,000</u>	<u>\$ 1,459,128</u>

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

**The Women's Housing Coalition, Inc.
and Related Entities
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011**

	2012	2011
Cash Flow from Operating Activities:		
Net Income (Loss)	\$ (50,773)	\$ (238,381)
Adjustments to Reconcile Net Income to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	122,559	120,939
Realized and Unrealized Gains on Investments	(68,400)	(17,489)
Loss in Subsidiary	7	7
Loss on Disposal	29,782	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	30,041	23,167
Other Receivables	64,838	(14,178)
Prepaid Expenses	4,868	5,253
Accounts Payables	(72,177)	46,501
Security Deposit Payable	25,443	1,668
Accrued Interest	62,416	61,691
Accrued Expenses	-	(1,000)
Net Cash Provided (Used) by Operating Activities	148,604	(11,822)
Cash Flows from Investing Activities:		
Purchases of Investments and Reinvested Dividends	(6,112)	(463,740)
Sale of Investments	80,000	298,863
Capital Expenditures	(1,283,289)	(25,436)
Net Withdrawals from Restricted Cash	(43,221)	(2,252)
Net Cash Used by Investing Activities	(1,252,622)	(192,565)
Cash Flows from Financing Activities:		
Proceeds from Note Payable	1,198,614	-
Net Cash Provided by Financing Activities	1,198,614	-
Net Increase (Decrease) in Cash	94,596	(204,387)
Cash, Beginning of the Year	183,131	387,518
Cash, End of the Year	\$ 277,727	\$ 183,131
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ 7,050	\$ -

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

The Women's Housing Coalition, Inc.
and Related Entities
Consolidated Statements of Functional Expenses
For the Years Ended December 31, 2012 and 2011

	Supporting Services							
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
	2012			2011				
Payroll and Payroll Related Expenses	\$ 454,902	\$ 63,747	\$ 9,759	\$ 528,408	\$ 427,390	\$ 62,942	\$ 30,514	\$ 520,846
Professional Fees	6,607	33,151	-	39,758	229	81,220	-	81,449
Administrative Expense	12,253	4,032	107	16,392	695	20,908	1,752	23,355
Telephone	6,405	-	-	6,405	10,096	1,427	692	12,215
Occupancy	484,639	3,600	-	488,239	437,032	-	-	437,032
Travel, Conferences, Meetings	5,323	2,314	59	7,696	7,751	7,016	596	15,363
Postage	-	115	1,035	1,150	-	1,512	-	1,512
Client Assistance	86,214	-	-	86,214	151,893	-	-	151,893
Repairs and Maintenance	3,324	-	-	3,324	13,567	-	-	13,567
Taxes and Insurance	7,548	1,887	-	9,435	7,103	1,126	546	8,775
Other	3,943	984	17,564	22,491	31,255	7,051	2,496	40,802
Loss on Disposal	29,782	-	-	29,782	-	-	-	-
Depreciation	7,113	650	-	7,763	8,619	674	-	9,293
Total Operating Expenses	1,108,053	110,480	28,524	1,247,057	1,095,630	183,876	36,596	1,316,102
Expenses Incurred by For-Profit Subsidiaries	504,609	-	-	504,609	493,229	-	-	493,229
Total Expenses	\$ 1,612,662	\$ 110,480	\$ 28,524	\$ 1,751,666	\$ 1,588,859	\$ 183,876	\$ 36,596	\$ 1,809,331

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

**The Women's Housing Coalition, Inc.
and Related Entities
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2012 and 2011**

Note 1. Nature of Operations

The Women's Housing Coalition, Inc. (WHC) is a non-profit organization that is dedicated to breaking the cycle of homelessness for women and children by providing affordable housing and supportive services to enable them to sustain social and financial independence. This is accomplished by developing and managing permanent housing and providing residents with intensive case management and other services such as transportation, child care, and referrals to educational and workforce development programs.

Operations are defined as all of the income and expenses relating to The Women's Housing Coalition, Inc.

Women's Housing Development, Inc. (WHD) is a non-profit holding company which owns 100% of Women's Housing Investment, Inc. (WHI), and 99% of Calverton Limited Partnership (CLP) and is the limited partner.

WHI is a for-profit real estate holding organization. WHI is 1% general partner in CLP. CLP owns the real estate where up to 14 women can reside in the single room occupancy (SRO) units. WHI is also a 79% owner of Women's Housing Investment II, LLC (WHI2).

WHI2 is a for-profit real estate holding organization. WHI2 is a .0051% general partner in the Bennett Limited Partnership (BLP). BLP owns the real estate where up to 29 women can reside in SRO units.

WHC Development, Inc. (WHCD) is a non-profit organization dedicated exclusively for Community Housing Development Organization projects.

BLP was formed February 4, 1998 for the purpose of acquiring an interest in real property located in Baltimore, Maryland to provide permanent, affordable housing to formerly homeless, low-income women with disabilities. This property was renovated to operate 29 SRO units and 1 efficiency. Such projects are regulated by the Maryland Department of Housing and Community Development (CDA) as to maximum rental charges, operating methods and allowable distributions. BLP is .0051% owned by WHI2, .00049% owned by Homes Development Corporation and 99.99% owned by Housing Outreach Fund VII, LP.

CLP was formed November 1, 1989 for the purpose of acquiring an interest in real property located in Baltimore, Maryland to provide permanent, affordable housing to formerly homeless, low-income women with disabilities. This property was renovated to operate 13 SRO units and 1 efficiency. Such projects are regulated by CDA as to maximum rental charges, operating methods and allowable distributions. CLP is 1% owned by WHI and 99% owned by WHD.

WHC is developing a residential building for women under WHC Reservoir Hill, LLC (WHCRH) which is a for profit real estate entity, which is 100% owned by WHC. This project is in the process of being renovated and it's expected to be completed during 2013.

Note 2. Summary of Significant Accounting Policies

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of WHC, WHD, WHI, WHI2, WHCD, BLP, CLP and WHCRH (Group). Intercompany transactions and balances have been eliminated in consolidation.

The Group consolidates its wholly owned limited partnership. In addition, the Group consolidates limited partnerships in which it is the managing general partner and has substantial control over the operations of the entity.

**The Women's Housing Coalition, Inc.
and Related Entities
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2012 and 2011**

Note 2. Summary of Significant Accounting Policies (Continued)

The Group accounts for its non controlling interest in limited partnerships by the equity method. The Group records its share of such earnings (loss) in the consolidated statement of activities as "Investment and Other" and the carrying value of the Group's investment in a limited partnership is recorded in the Consolidated Statement of Financial Position as "Investment in limited partnership".

Basis of Accounting: The consolidated financial statements of the Group have been prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

Donated Services: The Group recognizes donated services that creates or enhances nonfinancial assets or that require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donated Property and Equipment: Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Group reports expirations of donor restrictions when donated or acquired assets are placed in service as instructed by the donor. The Group reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Cash and Cash Equivalents: For purposes of the balance sheets and statements of cash flows, the Group considers all highly liquid investments, which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents.

Accounts Receivable: Receivables are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off all balances that are believed to be uncollectible. Accounting principles generally accepted in the United States of America (GAAP) require that the allowance method for accounting be used to recognize bad debts, however, the effect of using the direct method is not materially different from the results that would have been obtained under the allowance method.

Contributions and Revenue: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other 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 statements of activities and change in net assets as net assets released from restrictions. Grants received from governments, agencies and others which are conditioned upon the Group incurring certain qualifying costs or meeting other conditions, are recognized as revenue when the qualifying costs are incurred and not meeting the conditions are remote. Funds for qualifying costs incurred and recognized as revenue, but not yet received, are recorded as grant receivable.

Investments: Investments consist of publicly traded stocks and mutual funds with readily determinable fair values and are carried at those values based on quoted prices in active markets (Level 1). Realized and unrealized gains or losses on investments are recorded in the period in which the gains or losses occur.

**The Women's Housing Coalition, Inc.
and Related Entities
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2012 and 2011**

Note 2. Summary of Significant Accounting Policies (Continued)

Long-Lived Asset Impairment: The Partnerships review their rental property for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended December 31, 2012 and 2011.

Fixed Assets: Building, furnishings and land improvements are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated services lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. Any resulting gains and losses are reflected in the statement of operations.

Financing Fees and Mortgage Costs: Financing fees are amortized over the term of the loan using the straight-line method. GAAP requires that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Accumulated amortization as of December 31, 2012 and 2011 was \$26,599 and \$24,734, respectively. Amortization expense was \$1,865 and \$2,042 for the years ended December 31, 2012 and 2011, respectively. Estimated amortization for each of the ensuing years through December 31, 2017 is \$1,865.

Rental Income: Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnerships and the tenants of the property are operating leases.

Functional Expense Allocation: The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated financial statements of activities. Directly identifiable expenses are charged to program and supporting services. Certain expenses such as salaries, office expense, professional fees are allocated to program services and management and general expenses based on systematic methods.

Management's Estimates: The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

Reclassifications: Reclassifications have been made to the prior years balances to conform to the current year presentation.

Note 3. Grant Advance

WHI2 received a subsidy from the Federal Home Loan Bank to pay its original equity contribution for Bennett Limited Partnership. The amount of the subsidy was \$200,000. The grant advance will be forgiven October 31, 2015, as long as Bennett Limited Partnership remains occupied with households with incomes at or below the levels committed to in the agreement.

**The Women's Housing Coalition, Inc.
and Related Entities
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2012 and 2011**

Note 4. Fixed Assets

Fixed assets consist of the following as of December 31:

	2012	2011
Land	\$ 167,188	\$ 167,188
Building and improvements	3,730,687	3,730,687
Furniture, fixtures and equipment	345,770	338,524
Construction in progress	1,246,261	-
Bennett mental health room	28,923	28,923
Fixed Assets, Total	5,518,829	4,265,322
Less, Accumulated Depreciation	1,730,284	1,609,590
Fixed Assets, Net	\$ 3,788,545	\$ 2,655,732

Depreciation expense was \$120,694 and \$118,897 for the years ended December 31, 2012 and 2011, respectively.

Note 5. Mortgages and Notes Payable

Mortgages and notes payable are summarized as follows:

	2012	2011
WHC		
1% promissory note. All outstanding principal and interest is due in 2048; however, if CLP is maintained as low-income housing, all principal and interest will be forgiven in 2023. Due to uncertainty of repayment, interest is not being accrued.	\$ 145,341	\$ 145,341
BLP		
4% mortgage, principal and interest payments are due annually beginning April 2001, only out of surplus cash. Interest compounds annually on the anniversary date. The entire balance of unpaid principal and interest is due in April 2041. It is insured by CDA and secured by the building. Accrued interest was \$497,348 and \$448,248, as of December 31, 2012 and 2011, respectively.	828,365	828,365
Mortgage, City of Baltimore, principal and accrued interest are due December 2040. Interest rate is based on the Applicable Federal Rate (2.80% as of December 31, 2012) and accrues annually on amount advanced. It is secured by a second deed of trust on the building. Accrued interest was \$163,759 and \$154,772 as of December 31, 2012 and 2011, respectively.	254,596	254,596

**The Women's Housing Coalition, Inc.
and Related Entities
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2012 and 2011**

Note 5. Mortgages and Notes Payable (Continued)

0% note, City of Baltimore, principal will be forgiven if the project is used as housing for low-income persons through June 2028. It is secured by a second lien on the building.

250,000 250,000

1% mortgage, principal and interest payments are due monthly beginning March 1992, only out of surplus cash. A balloon payment of unpaid principal and interest is due June 2028. It is secured by CDA and secured by a first lien on the building. Accrued interest was \$89,502 and \$85,173 as of December 31, 2012 and 2011, respectively.

433,000 433,000

WHCRH

0% mortgage from Healthy Neighborhoods, Inc. in the amount of \$1,625,000. The principal is due on May 16, 2037. The mortgage is secured by first deed of trust on the property.

1,198,614 -

\$ 3,109,916 \$ 1,911,302

Management of the company believes they are presently in compliance with all debt covenants.

Maturities of long-term debt at December 31, 2012 are as follows:

2013	\$ -
2014	-
2015	-
2016	
2017 and thereafter	3,109,916
	<u>\$ 3,109,916</u>

Interest expense was \$76,649 and \$62,417 for the years ended December 31, 2012 and 2011, respectively and is included in the for-profit entity expenses.

Note 6. Income Taxes

WHC, WHD, and WHCD, are exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (Code), and comparable State law, and contributions to them are tax deductible within the limitations prescribed by the Code. The Organizations have been classified as publicly supported organizations which are not private foundations under Section 509(a) of the Code. WHI and WHI2 are for-profit corporations subject to income tax. WHI and WHI2 had no taxes due for the years ended December 31, 2012 and 2011.

BLP and CLP are for-profit partnerships. No income tax provision has been included in the financial statements as the net income or net loss of the Partnership is required to be reported by the partners on their respective income tax returns.

**The Women's Housing Coalition, Inc.
and Related Entities
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2012 and 2011**

Note 6. Income Taxes (Continued)

The Internal Revenue Service has not examined (audited) any of the Organization's or the Partnership's income tax returns, tax years since 2009 are subject to examination. Neither the Organization or the Partnerships have taken any questionable tax positions with respect to unrelated business income tax or anything that would jeopardize their 501(c)(3) status.

Note 7. Contingencies and Commitments

According to the original agreement between CDA and CLP, the mortgage accrues an additional 7% interest that is deferred as long as the project is maintained as housing for low-income persons. Total deferred interest at December 31, 2012 and 2011 was \$529,169 and is not recorded on the books because the Partnership has no intention of changing the use of the building. The 7% deferred interest stopped accruing in June 2008 under a restructuring agreement.

WHCRH entered into a construction contract, to rehabilitate the project in the amount of \$1,090,693. During 2012 cost incurred under the contract was \$911,200 and is included property and equipment on the balance sheets.

Note 8. Donated Rent

WHC receives use of The Susanna Wesley House (SWH). Donated annual rent recorded in the financial statements is \$22,140 and \$88,561 for the years ended December 31, 2012 and 2011, respectively. In February 2012, The Women's Housing Coalition, Inc. and Susanna Wesley House terminated their lease agreement. During March of 2012 residents were placed in other housing.

For the purpose of the financial statements, donated rent is recorded as a contribution on the statement of activities and change in net assets.

Note 9. Fair Value Measurements

The accounting codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to calculation techniques used to measure fair value. The fair value hierarchy gives priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities or revenue or expense fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability or revenue or expense. The hierarchy requires the use of observable market data when available. The three levels of the hierarchy are defined as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

The asset or liability's fair value level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**The Women's Housing Coalition, Inc.
and Related Entities
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2012 and 2011**

Note 9. Fair Value Measurements (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used a December 31, 2012 and 2011.

Fair values of assets, liabilities, revenues and expenses measured on a recurring basis at December 31, 2012 and 2011 are as follows:

	Fair Value Measurements at Reporting Date			
	Fair Value	Quoted in Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2012 Investments	768,140	768,140	-	-
	768,140	768,140	-	-
December 31, 2011 Investments	773,628	773,628	-	-
	773,628	773,628	-	-

Cost and fair values of marketable securities at December 31, 2012 are as follows:

	Amortized Cost	Gross Unrealized Gains	Fair Value
Money Market	\$ 16,846	\$ -	\$ 16,846
Stocks	112,255	2,906	115,161
Mutual Funds	586,288	49,845	636,133
	\$ 715,389	\$ 52,751	\$ 768,140

Available-for-sale securities are carried in the financial statements at fair value. Net unrealized holding losses on available-for-sale securities in the amount of \$52,751 for the year ended December 31, 2012, have been included in Realized and Unrealized Gain on Investments.

Note 10. Concentration

The Group received approximately 58% and 54% of their revenue from the Office of Homeless Services for the years ended December 31, 2012 and 2011, respectively.

The Group maintains cash and cash equivalents with financial institutions. The Group also maintains escrows and reserves. All escrows and reserves are held in trust accounts in the Group's name. At times, these balances may exceed the federal insurance limits; however, the Group has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these balances at December 31, 2012.

**The Women's Housing Coalition, Inc.
and Related Entities
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2012 and 2011**

Note 11. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31:

	2012	2011
Time	\$ 30,000	\$ 102,500
Healthcare for Clients	-	33,890
Job Coach	-	9,750
	<u>\$ 30,000</u>	<u>\$ 73,640</u>

Net assets released from restrictions consisted of the following at December 31:

	2012	2011
Time	\$ 30,000	\$ 102,500
Mental Health and Substance Abuse Programs	-	12,870
Healthcare for Clients	33,890	-
Job Coach	9,750	12,500
	<u>\$ 73,640</u>	<u>\$ 127,870</u>

Note 12. Retirement Plan

WHC offers a 403(b) retirement plan in which all employees are eligible to participate on their date of hire. After one year of service, WHC will match 50% of the employee's contribution up to 6% of their salary. Retirement expense was \$4,099 and \$7,053 for the years ended December 31, 2012 and 2011, respectively.

Note 13. Related Party Transaction

WHC earns a management fee of 6.5% of annual gross rents collected from Jenkins House Limited Partnership (JHLP), an equity investment of the Group. The fee was \$9,733 and \$9,644 for the years ended December 31, 2012 and 2011, respectively.

Note 14. Restricted Cash

The Partnership agreements require the establishment of an operating reserve to be funded in part from the capital contributions of the Limited Partner. The General Partner may use the funds in the reserve for any purpose permitted by CDA, only to the extent revenues of the Partnerships are insufficient to meet expenses.

Under terms of the regulatory agreement, BLP and CLP are required to set aside specified amounts for replacement of property and other project expenditures as approved by CDA.

Restricted cash consisted of the following at December 31:

	2012	2011
Operating Reserve	\$ 470,234	\$ 470,234
Reserve for Replacements	85,911	64,558
Tax and Insurance Escrow	18,129	20,396
Tenant Security Deposits	46,590	22,455
	<u>\$ 620,864</u>	<u>\$ 577,643</u>

**The Women's Housing Coalition, Inc.
and Related Entities
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2012 and 2011**

Note 15. Subsequent Events

GAAP requires organizations to evaluate events and transactions that occur after the statement of financial position date but before the date the financial statements are available to be issued. GAAP requires entities to recognize in the financial statements the effect of all events or transactions that provide additional evidence of conditions that existed at the statement of financial position date, including the estimates inherent in the financial preparation process. Subsequent events that provide evidence about conditions that arose after the statement of financial position date should be disclosed if the financial statements would otherwise be misleading. The Organization has evaluated subsequent events through the date the financial statements were available to be issued on June 19, 2013, and determined no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Note 16. Investment in Limited Partnership

Investment in limited partnership carried at equity consists of a 0.0049% general partner interest in JHLP at December 31, 2012.

Following is a summary of financial position and results of operations of JHLP as of and for the years ended December 31:

Summary Balance Sheets

	2012	2011
Assets		
Property and Equipment, Net	\$ 2,650,694	\$ 2,773,255
Other Assets	344,813	345,288
Total Assets	<u>\$ 2,995,507</u>	<u>\$ 3,118,543</u>
Liabilities and Partners' Capital		
Mortgages Payable	1,539,267	1,472,004
Other Payables	27,019	62,881
Total Liabilities	<u>1,566,286</u>	<u>1,534,885</u>
Partners' Capital	<u>1,429,221</u>	<u>1,583,658</u>
Total Liabilities and Partners' Capital	<u>2,995,507</u>	<u>3,118,543</u>
 Group's Share of Partners' Capital	 <u>\$ 74,879</u>	 <u>\$ 74,886</u>

Summary Statement of Operations

	2012	2011
Total Revenue	\$ 162,190	\$ 155,676
Operating Expenses	157,065	156,060
Interest Expense	29,038	29,038
Depreciation and Amortization	127,626	127,626
Total Expenses	<u>313,729</u>	<u>312,724</u>
Net Loss	<u>(151,539)</u>	<u>(157,048)</u>
 Group's Share of Net Loss	 <u>\$ (7)</u>	 <u>\$ (7)</u>

Supplemental Information

**The Women's Housing Coalition, Inc.
and Related Entities**

**Consolidated Schedule of Financial Position
For the Year Ended December 31, 2012**

	Women's Housing Coalition	Women's Housing Development	Women's Housing Investment	Women's Housing Investment II	WHC Reservoir Hill, LLC	Bennett Limited Partnership	Calverton Limited Partnership	Eliminations	Total
Cash and Cash Equivalents	\$ 203,809	\$ -	\$ -	\$ -	\$ 43,560	\$ 22,224	\$ 8,134	\$ -	\$ 277,727
Accounts Receivable	2,432	-	-	-	-	328	408	-	3,168
Other Receivables	51,840	-	-	-	-	-	-	-	51,840
Restricted Cash	24,771	-	-	-	-	513,897	82,196	-	620,864
Investments, at Fair Value	768,140	-	-	-	-	-	-	-	768,140
Due from Affiliate	10,000	-	-	-	-	-	-	(10,000)	-
Prepaid Expenses	43,084	-	-	-	-	3,048	2,084	-	48,216
Investments in Subsidiaries	24,880	29,758	49,999	199,896	-	-	-	(229,654)	74,879
Property and Equipment, Net	69,522	-	-	-	1,246,261	1,883,211	589,551	-	3,788,545
Financing Fees, Net	-	-	-	-	-	47,982	-	-	47,982
Notes and Mortgages Receivable	692,190	-	-	-	-	-	-	(692,190)	-
Total Assets	\$ 1,890,668	\$ 29,758	\$ 49,999	\$ 199,896	\$ 1,289,821	\$ 2,470,690	\$ 682,373	\$ (931,844)	\$ 5,681,361
Liabilities and Net Assets									
Accounts Payables and Accrued Expenses	\$ 72,407	\$ -	\$ -	\$ -	\$ 1,695	\$ 25,063	\$ 14,940	\$ (10,000)	\$ 104,105
Security Deposit Payable and Prepaid Rent	28,350	-	-	-	-	19,764	3,489	-	51,603
Accrued Interest Payable	-	-	-	-	-	861,238	89,502	(200,131)	750,609
Mortgages Payable	145,341	-	-	-	1,198,614	1,399,221	858,799	(492,059)	3,109,916
Miscellaneous Long-Term Liabilities	-	-	-	-	-	6,000	-	-	6,000
Grant Advance	-	-	-	200,000	-	-	-	-	200,000
Total Liabilities	\$ 246,098	\$ -	\$ -	\$ 200,000	\$ 1,200,309	\$ 2,311,286	\$ 966,730	\$ (702,190)	\$ 4,222,233
Net Assets									
Controlling Interests	1,614,570	29,758	49,999	(104)	89,512	199,863	(284,357)	(229,654)	1,469,587
Non-Controlling Interest	-	-	-	-	-	(40,459)	-	-	(40,459)
Temporarily Restricted	30,000	-	-	-	-	-	-	-	30,000
Total Net Assets	1,644,570	29,758	49,999	(104)	89,512	159,404	(284,357)	(229,654)	1,459,128
Total Liabilities and Net Assets	\$ 1,890,668	\$ 29,758	\$ 49,999	\$ 199,896	\$ 1,289,821	\$ 2,470,690	\$ 682,373	\$ (931,844)	\$ 5,681,361

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

The Women's Housing Coalition, Inc.
and Related Entities
Consolidated Statements of Activities and
Changes in Net Assets
For the Year Ended December 31, 2012

	Women's Housing Coalition	Women's Housing Development	Women's Housing Investment	Women's Housing Investment II	WHC Reservoir Hill, LLC	Bennett Limited Partnership	Calverton Limited Partnership	Eliminations	Total
Revenues, Gains, and Other Support									
Support and Revenue									
Contributions	\$ 44,315	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,315
Foundations	175,050	-	-	-	43,000	-	-	-	218,050
Special Events, Net of Direct Costs of \$24,342 in 2012	40,848	-	-	-	-	-	-	-	40,848
United Way	54,352	-	-	-	-	-	-	-	54,352
Revenues and Grants from Governmental Agencies	870,799	-	-	-	-	-	-	(168,631)	702,168
Rent and Tenant Fees	79,637	-	-	-	-	254,210	111,187	-	445,034
Management Fees	31,299	-	-	-	-	-	-	(21,566)	9,733
Investment and Other	41,734	-	(7)	-	46,512	4,384	39,601	(14,231)	117,993
Realized and Unrealized Gain on Investments	68,400	-	-	-	-	-	-	-	68,400
Total Revenues, Gains and Other Support	\$ 1,406,434	\$ -	\$ (7)	\$ -	\$ 89,512	\$ 258,594	\$ 150,788	\$ (204,428)	\$ 1,700,893

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

The Women's Housing Coalition, Inc.
and Related Entities
Consolidated Statements of Activities and
Changes in Net Assets
For the Year Ended December 31, 2012

	Women's Housing Coalition	Women's Housing Development	Women's Housing Investment	Women's Housing Investment II	WHC Reservoir Hill, LLC	Bennett Limited Partnership	Calverton Limited Partnership	Eliminations	Total
Total Expenses									
Payroll and Payroll Related Expenses	\$ 528,408	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 528,408
Professional Fees	39,758	-	-	-	-	10,408	8,743	-	58,909
Administrative Expense	16,392	-	-	-	-	80,400	43,460	(21,566)	118,686
Telephone	6,405	-	-	-	-	48,882	16,048	-	71,335
Occupancy Expense	656,870	-	-	-	-	-	-	(168,631)	488,239
Travel, Conferences, Meetings	7,696	-	-	-	-	-	-	-	7,696
Postage	1,150	-	-	-	-	-	-	-	1,150
Client Assistance	86,214	-	-	-	-	-	-	-	86,214
Repair and Maintenance	3,324	-	-	-	-	66,061	37,439	-	106,824
Taxes and Insurance	9,435	-	-	-	-	26,351	10,169	-	45,955
Interest	-	-	-	-	-	72,319	4,330	(14,231)	62,418
Other	22,491	-	-	-	-	1,000	-	-	23,491
Loss on Disposal	29,782	-	-	-	-	-	-	-	29,782
Depreciation and Amortization	7,763	-	-	-	-	68,364	46,432	-	122,559
Total Expenses	1,415,688	-	-	-	-	373,785	166,621	(204,428)	1,751,666
Changes in Net Assets before Noncontrolling Interest	(9,254)	-	(7)	-	89,512	(115,191)	(15,833)	-	(50,773)
Changes in Net Assets Attributable to Noncontrolling Interest	-	-	-	-	-	(115,185)	-	115,185	115,185
Change in net assets	(9,254)	-	(7)	-	89,512	(6)	(15,833)	115,185	64,412
Net Assets, Beginning of Year	1,623,824	29,758	50,006	(104)	-	199,869	(268,524)	(229,654)	1,405,175
Net Assets, End of Year	\$1,614,570	\$ 29,758	\$ 49,999	\$ (104)	\$ 89,512	\$ 199,863	\$ (284,357)	\$ (114,469)	\$1,469,587

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

The Women's Housing Coalition, Inc.
Schedule of Financial Position for The
Women's Housing Coalition
For the Year Ended December 31, 2012

Cash and Cash Equivalents	\$ 203,809
Accounts Receivable	2,432
Other Receivables	51,840
Restricted Cash	24,771
Investments, at Fair Value	768,140
Due to Affiliate	10,000
Prepaid Expenses	43,084
Investments in Subsidiaries	24,880
Property and Equipment, Net	69,522
Notes and Mortgages Receivable	692,190
Total Assets	\$ 1,890,668
Liabilities and Net Assets	
Accounts Payables and Accrued Expenses	\$ 72,407
Security Deposit Payable and Prepaid Rent	28,350
Mortgages Payable	145,341
Total Liabilities	246,098
Net Assets	
Unrestricted	1,584,570
Temporarily Restricted	30,000
Total Net Assets	1,614,570
Total Liabilities and Net Assets	\$ 1,860,668

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

The Women's Housing Coalition, Inc.
Schedule of Activities for The Women's
Housing Coalition
For the Year Ended December 31, 2012

Revenues, Gains, and Other Support	
Support and Revenue	
Contributions	\$ 44,315
Foundations	175,050
Special Events, Net of Direct Costs of \$24,342 in 2012	40,848
United Way	54,352
 Revenues and Grants from Governmental Agencies	 870,799
Rent and Tenant Fees	79,637
Management Fees	31,299
Investment and Other	41,734
Realized and Unrealized Gain on Investments	68,400
	<hr/>
Total Revenues, Gains and Other Support	1,406,434
 Total Expenses	
 Payroll and Payroll Related Expenses	 528,408
Professional Fees	39,758
Administrative Expense	16,392
Telephone	6,405
Occupancy Expense	656,870
Travel, Conferences, Meetings	7,696
Postage	1,150
Client Assistance	86,214
Repair and Maintenance	3,324
Taxes and Insurance	9,435
Other	22,491
Loss on Disposal	29,782
Depreciation and Amortization	7,763
	<hr/>
Total Expenses	1,415,688
	<hr/>
Changes in Net Assets	\$ (9,254)
	<hr/>