



**THE WOMEN'S HOME
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2023 AND 2022
(With Independent Auditor's Reports Thereon)

THE WOMEN'S HOME

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Directors of
The Women's Home

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Women's Home and Affiliates (collectively, The Home), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of operations, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (the financial statements).

In our opinion, based on our audits and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of The Home as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of The Women's Home Hammerly Phase II, LP (Hammerly LP), whose statements reflect total assets of \$12,937,917 and \$13,474,474 and total liabilities of \$877,173 and \$861,473 at December 31, 2023 and 2022, respectively, adjusted for eliminating entries; and total revenues of \$960,116 and \$917,809, and total expenses of \$1,444,327 and \$1,404,808 for the years then ended, respectively, adjusted for eliminating entries. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Hammerly LP, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of Hammerly LP were not audited in accordance with *Government Auditing Standards*.

We are required to be independent of The Home, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Home's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Home's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Home's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2024 on our consideration of The Home's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Home's internal control over financial reporting and compliance.



Houston, Texas
April 29, 2024

THE WOMEN'S HOME

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2023 AND 2022

	2023	2022
Assets		
Cash and cash equivalents (Note 3)	\$ 1,399,268	\$ 1,505,809
Interest-bearing deposit	413,069	-
Pledges receivable (Notes 3 and 5)	523,416	1,144,435
Government grants receivable	425,615	542,075
Prepaid expenses and other assets	146,864	118,942
Developer fee receivable (Note 6)	504,610	504,610
Investments (Note 7)	2,205,081	1,935,563
Note receivable (Note 11)	-	6,724,000
Restricted cash and cash equivalents (Note 11)	-	48,308
Property and equipment, net (Note 8)	28,633,592	29,377,452
Total assets	\$ 34,251,515	\$ 41,901,194
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 630,897	\$ 566,473
Security deposits and deferred revenue	59,125	184,774
Developer fee payable (Note 9)	579,248	579,248
Note payable, net (Note 10)	699,276	744,899
New Markets Tax Credit notes payable, net (Note 11)	-	9,395,649
Total liabilities	1,968,546	11,471,043
Net assets:		
Without donor restrictions:		
The Women's Home	23,007,241	20,773,093
Noncontrolling interest in Hammerly LP (Note 18)	5,961,167	6,513,367
Total without donor restrictions	28,968,408	27,286,460
With donor restrictions:		
Temporary (Notes 12 and 14)	3,021,366	2,850,496
Perpetual (Notes 12 and 14)	293,195	293,195
Total with donor restrictions	3,314,561	3,143,691
Total net assets	32,282,969	30,430,151
Total liabilities and net assets	\$ 34,251,515	\$ 41,901,194

See accompanying notes to consolidated financial statements

THE WOMEN'S HOME

CONSOLIDATED STATEMENTS OF OPERATIONS YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Government grants	\$ 2,787,822	\$ -	\$ 2,787,822	\$ 2,674,470	\$ -	\$ 2,674,470
Contributions and nongovernmental grants	1,987,687	1,109,960	3,097,647	1,059,793	1,268,831	2,328,624
Program service fees	1,026,755	-	1,026,755	994,035	-	994,035
Rental income	988,265	-	988,265	923,503	-	923,503
Sales to public	700,562	-	700,562	693,581	-	693,581
Special events	386,672	-	386,672	366,339	-	366,339
Direct donor benefits for special events	(98,478)	-	(98,478)	(89,498)	-	(89,498)
Net investment income (loss)	50,399	248,695	299,094	(163)	(357,757)	(357,920)
Loan forgiveness (Note 11)	2,671,649	-	2,671,649	-	-	-
Other income, net (Note 11)	71,662	-	71,662	104,333	-	104,333
Net assets released from restrictions (Note 13)	1,187,785	(1,187,785)	-	911,672	(911,672)	-
Total public support and revenue	11,760,780	170,870	11,931,650	7,638,065	(598)	7,637,467
Expenses:						
Program services:						
Apartments and resident services	4,864,929	-	4,864,929	4,165,214	-	4,165,214
Residential rehabilitation	1,533,973	-	1,533,973	1,411,983	-	1,411,983
Clinical counseling	627,521	-	627,521	575,952	-	575,952
Support services	930,861	-	930,861	839,650	-	839,650
Outpatient treatment	397,294	-	397,294	-	-	-
The Cottage Shop	491,765	-	491,765	481,386	-	481,386
Total program services	8,846,343	-	8,846,343	7,474,185	-	7,474,185
Management and general	542,362	-	542,362	645,873	-	645,873
Fundraising	690,127	-	690,127	769,972	-	769,972
Total expenses	10,078,832	-	10,078,832	8,890,030	-	8,890,030
Change in net assets	1,681,948	170,870	1,852,818	(1,251,965)	(598)	(1,252,563)
Less net loss from noncontrolling ownership interest (Note 18)	(552,200)	-	(552,200)	(554,463)	-	(554,463)
Change in net assets for controlling interest	2,234,148	170,870	2,405,018	(697,502)	(598)	(698,100)
Net assets, beginning of year	20,773,093	3,143,691	23,916,784	21,470,595	3,144,289	24,614,884
Net assets, end of year	\$ 23,007,241	\$ 3,314,561	\$ 26,321,802	\$ 20,773,093	\$ 3,143,691	\$ 23,916,784

See accompanying notes to consolidated financial statements

THE WOMEN'S HOME

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2023

	Apartments and Resident Services	Residential Rehabilitation	Clinical Counseling	Support Services	Outpatient Treatment	The Cottage Shop	Management and General	Cost of Direct Benefits to Donors	Fundraising	Total
Salaries and employee benefits	\$ 1,549,999	\$ 767,093	\$ 440,679	\$ 606,004	\$ 320,635	\$ 333,943	\$ 322,162	\$ -	\$ 512,499	\$ 4,853,014
Depreciation and amortization	1,094,699	82,488	21,677	42,922	-	26,870	18,811	-	844	1,288,311
Professional fees/contract services	523,911	98,655	92,791	76,162	47,000	33,595	94,112	74,128	51,046	1,091,400
Utilities and occupancy	732,128	181,365	28,012	49,943	10,893	23,832	21,358	-	23,203	1,070,734
Food and supplies	130,160	257,564	13,493	56,963	1,544	12,611	25,276	1,264	29,211	528,086
Repairs, maintenance and rental	209,588	76,487	15,321	37,576	-	16,146	27,511	12,388	14,192	409,209
Other	117,109	30,187	7,767	27,712	17,222	37,409	13,500	2,855	27,075	280,836
Insurance	199,380	28,005	5,230	17,789	-	4,326	18,532	-	8,084	281,346
Interest expense	162,998	-	-	-	-	-	146	-	-	163,144
Management fees	84,676	-	-	-	-	-	-	-	-	84,676
Printing and postage	7,185	9,403	691	1,169	-	1,555	954	7,843	23,973	52,773
Property taxes	49,404	-	-	-	-	-	-	-	-	49,404
Direct assistance to individuals	3,692	2,726	1,860	14,621	-	1,478	-	-	-	24,377
Total expenses by function	4,864,929	1,533,973	627,521	930,861	397,294	491,765	542,362	98,478	690,127	10,177,310
Less costs of direct benefits to donors included with revenues on the statement of operations	-	-	-	-	-	-	-	(98,478)	-	(98,478)
Total expenses included in the expense section on the statement of operations	\$ 4,864,929	\$ 1,533,973	\$ 627,521	\$ 930,861	\$ 397,294	\$ 491,765	\$ 542,362	\$ -	\$ 690,127	\$ 10,078,832

See accompanying notes to consolidated financial statements

THE WOMEN'S HOME

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2022

	Apartments and Resident Services	Residential Rehabilitation	Clinical Counseling	Support Services	The Cottage Shop	Management and General	Cost of Direct Benefits to Donors	Fundraising	Total
Salaries and employee benefits	\$ 1,248,803	\$ 756,025	\$ 436,155	\$ 596,530	\$ 323,774	\$ 470,194	\$ -	\$ 603,988	\$ 4,435,469
Depreciation and amortization	1,074,964	72,376	20,262	40,700	26,127	10,926	-	787	1,246,142
Professional fees/contract services	309,285	97,863	66,685	35,638	56,260	53,515	68,659	47,961	735,866
Utilities and occupancy	598,508	194,496	23,844	48,867	20,450	30,952	-	20,512	937,629
Food and supplies	110,189	168,090	7,781	46,382	10,344	21,908	20,839	24,465	409,998
Repairs, maintenance and rental	214,219	54,839	12,225	20,805	9,196	12,435	-	6,298	330,017
Other	91,034	22,528	3,074	16,118	29,047	29,811	-	22,237	213,849
Insurance	160,882	24,545	4,868	16,864	4,081	15,645	-	7,571	234,456
Interest expense	189,527	-	-	-	-	-	-	-	189,527
Management fees	79,508	-	-	-	-	-	-	-	79,508
Printing and postage	5,529	84	842	670	2,107	487	-	36,153	45,872
Property taxes	60,205	-	-	-	-	-	-	-	60,205
Direct assistance to individuals	22,561	21,137	216	17,076	-	-	-	-	60,990
Total expenses by function	4,165,214	1,411,983	575,952	839,650	481,386	645,873	89,498	769,972	8,979,528
Less costs of direct benefits to donors included with revenues on the statement of operations	-	-	-	-	-	-	(89,498)	-	(89,498)
Total expenses included in the expense section on the statement of operations	\$ 4,165,214	\$ 1,411,983	\$ 575,952	\$ 839,650	\$ 481,386	\$ 645,873	\$ -	\$ 769,972	\$ 8,890,030

See accompanying notes to consolidated financial statements

THE WOMEN'S HOME

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 1,852,818	\$ (1,252,563)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,284,973	1,226,937
Loan forgiveness	(2,671,649)	-
Amortization of debt issuance costs	1,531	19,398
Loss on disposal of property	5,291	-
Net unrealized and realized (gain) loss on investments	(252,718)	356,411
(Increase) Decrease in operating assets:		
Pledges receivable	621,019	(560,689)
Government grants receivable	116,460	128,345
Prepaid expenses and other assets	(27,922)	57,165
Increase (Decrease) in operating liabilities:		
Accounts payable and accrued liabilities	64,424	92,012
Security deposits and deferred revenue	(125,649)	83,104
Net cash provided by operating activities	868,578	150,120
Cash flows from investing activities:		
Purchases of property and equipment	(546,404)	(81,406)
Purchase of interest-bearing deposit	(413,069)	-
Purchases of investments	(380,317)	(490,970)
Sales of investments	363,517	564,105
Net cash used by investing activities	(976,273)	(8,271)
Cash flows from financing activities:		
Payments on note payable	(47,154)	-
Net cash used by financing activities	(47,154)	-
Net (decrease) increase in cash, cash equivalents and restricted cash	(154,849)	141,849
Cash, cash equivalents and restricted cash, beginning of year	1,554,117	1,412,268
Cash, cash equivalents and restricted cash, end of year	\$ 1,399,268	\$ 1,554,117
Supplemental disclosure of cash flow information -		
Cash paid during the year for interest	\$ 136,354	\$ 176,204

See accompanying notes to consolidated financial statements

THE WOMEN'S HOME

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Note 1 - Description of Organization

About The Women's Home

The Women's Home builds communities that strengthen women and support families as they reclaim their stability. Since its creation in 1957, the agency has fulfilled this mission by providing housing, behavioral health treatment and other wraparound support services to vulnerable women and families in the Houston, Texas area. The Women's Home embraces the WholeLife[®] service model, which addresses six areas of wellness - emotional/mental, physical, fiscal, social, vocational, and spiritual so that women and their families can create a balanced and rewarding life.

Residential Treatment and Transitional Housing Program

The Treatment and Transitional Housing Program provides housing, behavioral health treatment and wraparound support services to women experiencing homelessness due to addiction and mental illness. This program has the capacity to serve 50 women at one time and offers participants up to 18 months of clinical counseling, support and vocational services, with the goal of helping them obtain self-sufficiency.

Apartments and Resident Services

The Women's Home has two permanent supportive housing complexes in the Spring Branch neighborhood of Houston - Jane Cizik Garden Place and Adele and Ber Pieper Family Place. Together, these facilities offer 171 units of safe, affordable housing and case management services to low income and homeless households in the Houston area.

The Cottage Shop

The Women's Home operates a thrift shop that sells donated items such as clothing, furniture, and housewares. The shop is partially staffed by volunteers and serves as a job training site for residential clients.

Mabee WholeLife[®] Service Center

The Women's Home operates a collaborative, community service center in the Spring Branch neighborhood of Houston called the Mabee WholeLife[®] Service Center. With its cooperative partners, The Women's Home provides holistic care for the entire family at the center that includes integrated healthcare, youth development programming, workforce development training, adult basic education, physical wellness, creative arts engagement and other support services.

Affiliate Companies

The Women's Home Hammerly Phase II, LP (Hammerly LP) is a Texas limited partnership formed on June 30, 2014 to develop Adele and Ber Pieper Family Place (Family Place), an affordable housing, 84-unit permanent supportive apartment community that serves families in a safe, sober environment that includes case management services. The Women's Home Hammerly GP, LLC (Hammerly GP) is the general partner and 0.01% owner of Hammerly LP; Hudson SLP, LLC is the Special Limited Partner and 0.01% owner, and Hudson Women's Home, LLC is the Investment Partner and 99.98% owner. This project was financed with Low Income Housing Tax Credits allocated from the Texas Department of Housing and Community Affairs and funded by the City of Houston (the City) through Home Investment Partnership Program (HOME) funds, a federal pass-through from the U.S. Department of Housing and Urban Development (HUD), in addition to contributions from private sources. Construction of Family Place was completed in October 2016, whereupon it commenced rental operations. Hammerly LP will continue in perpetuity, unless dissolved earlier. The Women's Home is the sole member of Hammerly GP.

THE WOMEN'S HOME

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

WholeLife® Services, Inc. is a Texas nonprofit corporation formed on October 12, 2015 to serve as the Qualified Active Low Income Community Business to secure the New Markets Tax Credit (NMTC) financing for the construction of the Mabee WholeLife® Service Center. This project is next to the Jane Cizik Garden Place and Family Place. The project uses collaborative relationships to offer a variety of services to enhance the wellness and stability of families in the housing programs and surrounding neighborhood. These services include primary and behavioral healthcare, after-school and summer enrichment programs, and adult education and workforce development programs. This project was funded in part by the City through Community Development Block Grant Funds, a federal pass-through from HUD, and contributions from private sources. Construction of the Mabee WholeLife® Service Center was completed in October 2017, whereupon it commenced operations. WholeLife® Services, Inc.'s board is appointed by The Women's Home. During 2023, the NMTC structure was unwound (see Note 11).

Note 2 - Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP), and include the consolidated activities of The Women's Home, Hammerly GP, Hammerly LP and WholeLife® Services, Inc. (collectively, The Home). Based on the terms of the partnership agreement, Hammerly GP is considered to control Hammerly LP, and as a result, the limited partnership is included in these consolidated financial statements. Intercompany transactions have been eliminated in consolidation.

Basis of Presentation

The Home reports its consolidated financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or Board of Directors (Board) designation.

Net assets with donor restrictions: Net assets subject to donor or grantor-imposed restrictions. These restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions may be perpetual in nature, where the donor or grantor stipulates that those resources be maintained in perpetuity.

If donor or grantor-imposed restrictions are met in the same reporting period as the contribution or grant is recognized as revenue, The Home reports such amount as an increase in net assets without donor restrictions. All other donor or grantor-restricted contributions and grants are reported as increases in net assets with donor restrictions, and when the restriction expires or is satisfied, these net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations as net assets released from restrictions.

Cash, Cash Equivalents, and Restricted Cash

For purposes of the consolidated statement of cash flows, all highly liquid investments with a maturity of three months or less at time of purchase are considered to be cash equivalents. Cash equivalents held for investment purposes in money market accounts are classified as investments in the consolidated statement of financial position and are excluded from cash equivalents for the purpose of cash flows. Amounts included in restricted cash represent funds or escrows with use restrictions from external parties.

THE WOMEN'S HOME

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

The following is a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statement of financial position at December 31, 2023 and 2022 to the amount shown within the consolidated statement of cash flows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,399,268	\$ 1,505,809
Cash contractually restricted (See Note 11)	<u>-</u>	<u>48,308</u>
Total cash, cash equivalents and restricted cash	<u>\$ 1,399,268</u>	<u>\$ 1,554,117</u>

Interest-Bearing Deposit

The interest-bearing deposit is a time deposit with a financial institution with an original maturity date in excess of three months. This interest-bearing deposit is guaranteed by the Federal Deposit Insurance Corporation up to \$250,000.

Pledges Receivable

Pledges are recorded as revenue in the year they are received unless they contain a conditional promise to give. Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Amounts that are expected to be collected in future years are discounted to estimate the present value of future cash flows if material.

Note Receivable

The note receivable is reported at its outstanding principal balance. Interest on the note receivable is recognized over the term of the note receivable and is calculated using the simple-interest method on principal amounts outstanding.

Allowance for Credit Losses

An allowance for credit losses is provided when it is believed amounts may not be collected in full. The amount of bad debt expense recognized each period and the resulting adequacy of the credit loss allowance at the end of each period are determined using a combination of historical loss experience and management's assessment of specific identifiable accounts considered at risk or uncollectible. Receivables are written off as a charge to the allowance for credit losses when management determines the receivable will not be collected. It is possible that management's estimates regarding the collectability of the balances will change in the near term resulting in a change in the carrying value of these receivables. At December 31, 2023 and 2022, management determined that no allowance for credit losses was required.

Investments and Investment Income

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value. Investment income is reported in the consolidated statement of operations as an increase in net assets without donor restrictions unless the use of the income is limited by donor-imposed restrictions. Investment income whose use is restricted by the donor is reported as an increase in net assets with donor restrictions until expended in accordance with donor-imposed restrictions. Investment income is reported net of investment related expenses.

THE WOMEN'S HOME

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair value at the date of gift, if donated. Property and equipment purchases over \$5,000 are capitalized. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided on the straight-line method based upon the estimated useful lives of the assets, which range from three to ten years for furniture, fixtures and equipment and ten to thirty-nine years for buildings and improvements.

Impairment of Long-Lived Assets

The Home reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which carrying amount exceeds the fair value as determined by an appraisal, discounted cash flow analysis or other valuation technique.

Debt Issuance Costs

Debt issuance costs are amortized over the term of the related debt. Amortization of debt issuance costs is reported as a component of interest expense. Unamortized debt issuance costs are reported as a direct reduction of the related debt.

Revenue Recognition

Contributions are recognized when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give are those that contain a measurable performance obligation or other barrier, as well as a right of return, and are not recognized until the conditions on which they depend have been met. At December 31, 2023 and 2022, The Home had no conditional contributions.

Contributed property and equipment are reflected at their estimated fair value at the date of receipt. Contributed property and equipment is recognized as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as donor-restricted support and absent explicit donor stipulations about how long those long-lived assets must be maintained, are released from donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed services that meet the revenue recognition requirements of GAAP are recorded at estimated fair value when received. To be recognized as revenue, the donated services must either (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have made significant contributions of their time to support programs, the thrift shop, fundraising efforts and administration. No amounts have been reflected in the accompanying consolidated financial statements for these services since the nature of these services does not meet the criteria for revenue recognition under GAAP.

THE WOMEN'S HOME

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Government grants represent cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when The Home has incurred expenditures in compliance with specific contract or grant provisions. Any amounts received prior to incurring qualifying expenditures are reported as refundable advances. The Home has been awarded cost-reimbursable grants of \$969,958 and \$2,612,489 that have not been recognized at December 31, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred. As of December 31, 2022, refundable advances of \$115,851 were received and are reflected in security deposits and deferred revenue in the consolidated statement of financial position. There were no refundable advances as of December 31, 2023.

Sales to the public are generated from sales at the thrift shop and are recognized when donated items are sold. No value is attached to the thrift shop inventory at time of donation since there is major uncertainty regarding existence of value for the items until time of sale.

Rental income is recognized as rent becomes due. Rental payments received in advance are deferred until earned and reported as prepaid rent. Other income resulting from fees earned for late payments, cleaning, damages and laundry facilities are recorded when earned.

Program service fees are recognized in the period that services are provided.

Special events revenue is recognized when the event is held.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of operations. Expenses which are directly associated with a particular program are charged to that program. Expenses that cannot be directly identified with a specific program are charged to the various programs based upon salaries, square footage, or other reasonable methods for allocating multiple program expenditures.

Use of Estimates

Management uses estimates and assumptions in preparing these consolidated financial statements in accordance with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities, the amounts of reported revenues and expenses, and the allocation of expenses among various programs. Accordingly, actual results could differ from those estimates.

Adoption of New Accounting Standard

The current expected credit loss (CECL) model established by ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, requires the recognition of estimated expected credit losses over the life of a financial instrument, giving consideration to historical information and future economic conditions and events. ASU 2016-13 and subsequent amendments are codified in ASC 326, with pledges receivable specifically excluded from the CECL standard. Effective January 1, 2023, The Home adopted the standard using the modified retrospective method with no significant impact on results of operations or cash flows.

Subsequent Events

Subsequent events have been evaluated through April 29, 2024, which is the date the consolidated financial statements were available for issuance.

THE WOMEN'S HOME

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Note 3 - Concentrations of Credit Risk

Pledges Receivable

At December 31, 2023, pledges totaling \$357,000 from three organizations were in excess individually of 10% of gross total pledges and represented 68% of total contributions for the year ended December 31, 2023. At December 31, 2022, a pledge totaling \$800,000 from one organization was in excess individually of 10% of gross total pledges.

Cash in Excess of FDIC Insurance

Cash is maintained in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000 per depositor. As of December 31, 2023 and 2022, amounts in excess of the insured limits were \$655,682 and \$273,955, respectively. Management believes that the credit risk is mitigated by the financial strength of the financial institutions where the deposits are held.

Note 4 - Income Taxes

The Women's Home and WholeLife® Services, Inc. are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and accordingly, file annual federal information returns that are subject to routine examinations. There are no examinations for any tax periods currently in progress for these tax-exempt entities and the open tax period is 2020 through 2023.

Hammerly GP and Hammerly LP are for-profit entities that are treated as pass-through entities for tax purposes and are not subject to federal income taxes. Accordingly, no provision for income taxes has been reflected in the consolidated financial statements for these for-profit entities. These partnerships may be subject to state franchise taxes consisting of tax on taxable margin. No provision for state franchise taxes was made in the accompanying consolidated financial statements as management anticipates no state franchise tax liability for the years ended December 31, 2023 or 2022. Income tax returns filed by the partnerships are subject to examination by the Internal Revenue Service for a period of three years. There are no examinations currently in progress for the partnership tax returns.

Note 5 - Pledges Receivable

Pledges receivable consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Amounts to be collected within one year	\$ 523,416	\$ 1,144,435
Amounts to be collected one to five years	-	-
Total pledges receivable	<u>\$ 523,416</u>	<u>\$ 1,144,435</u>

Note 6 - Developer Fee Receivable

On May 29, 2015, The Women's Home entered into an agreement to provide development and consulting services to the third-party developer of Family Place. The amount earned by The Women's Home is paid by the third-party developer from amounts received from their development agreement with Hammerly LP (see Note 9). At December 31, 2023 and 2022, the developer fee receivable is \$504,610 and \$504,610, respectively.

THE WOMEN'S HOME

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Note 7 - Fair Value of Financial Instruments

GAAP requires that certain assets and liabilities be reported at fair value and establishes a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the reporting date.

Certain of The Home's financial assets are measured at fair value on a recurring basis. The three levels of the fair value hierarchy are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Pricing inputs other than quoted prices included in Level 1, which are either directly observable or that can be derived or supported from observable data as of the reporting date.

Level 3 - Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are generally unobservable.

Financial instruments measured at fair value on a recurring basis at December 31, 2023 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Registered investment companies	\$ 2,166,708	\$ -	\$ -	\$ 2,166,708
Money market funds	<u>38,373</u>	<u>-</u>	<u>-</u>	<u>38,373</u>
Total investments	<u>\$ 2,205,081</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,205,081</u>

Financial instruments measured at fair value on a recurring basis at December 31, 2022 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Registered investment companies	\$ 1,906,735	\$ -	\$ -	\$ 1,906,735
Money market funds	<u>28,828</u>	<u>-</u>	<u>-</u>	<u>28,828</u>
Total investments	<u>\$ 1,935,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,935,563</u>

Registered investment companies and money market funds are valued at the net asset value of shares held at year end as reported on the active market on which the securities are traded. There have been no changes in methodologies used at December 31, 2023 or 2022.

The inputs or methodology used to measure investments are not necessarily indicative of the risk of investing in a particular security. Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statement of financial position and consolidated statement of operations and changes in net assets.

THE WOMEN'S HOME

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Note 8 - Property and Equipment

The following is a summary of property and equipment at December 31:

	Lives	2023	2022
Land		\$ 4,471,792	\$ 4,462,807
Land improvements	15 years	1,034,517	1,049,252
Buildings and improvements	10 - 39 years	34,401,011	33,882,026
Furniture and fixtures	5 - 7 years	1,593,099	1,598,441
Office equipment	3 - 10 years	732,785	698,887
Automobiles	5 years	116,135	116,135
Construction in progress		-	39,290
Total property and equipment		42,349,339	41,846,838
Less: accumulated depreciation		(13,715,747)	(12,469,386)
Total property and equipment, net		\$ 28,633,592	\$ 29,377,452

Depreciation expense for the years ended December 31, 2023 and 2022 was \$1,284,973 and \$1,226,937, respectively. Construction in progress at December 31, 2022 primarily represents costs incurred with replacing an HVAC system which was completed during 2023.

Note 9 - Developer Fee Payable

Hammerly LP entered into a \$2,007,247 development agreement with a third party to provide specified services in connection with the development and construction of Family Place. The total fee due under the agreement has been earned and capitalized into the project. At December 31, 2023 and 2022, the remaining amount due for the developer fee was \$579,248 and \$579,248, respectively. Developer fees not paid when earned accrue interest at a rate of 2.3%. At December 31, 2023 and 2022, interest of \$59,953 and \$46,630, respectively, was accrued. Developer fee payments are to be made from additional Limited Partner capital contributions and cash flow. The General Partner is obligated to make a capital contribution to pay any developer fees remaining unpaid after the 12th anniversary of the payment of the second capital contribution, which occurred in 2020.

Note 10 - Note Payable

On May 10, 2021, The Women's Home entered into a loan agreement with a bank totaling \$750,000. The loan bears interest at 3.788% and matures on May 10, 2026. Interest is due monthly beginning June 10, 2021. Principal and interest payments of \$9,088 began June 10, 2023 and continue until May 10, 2026, at which time one principal and interest payment of \$504,439 is due. As of December 31, 2023 and 2022, the principal balance outstanding on this loan was \$702,846 and \$750,000, respectively, with remaining unamortized debt issuance costs of \$3,570 and \$5,101, respectively. Future maturities of this note payable are as follows as of December 31, 2023:

2024	\$ 83,898
2025	87,131
2026	531,817
Total	\$ 702,846

THE WOMEN'S HOME

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Note 11 - New Markets Tax Credit Transactions

On October 14, 2016, the following agreements were entered into in connection with the New Markets Tax Credit (NMTC) transactions:

Note Receivable

The Women's Home entered into an agreement to lend \$6,724,000 to COCRF Women's Home Fund, LLC (Investment Fund). The note receivable is secured by the Investment Fund's membership interest in Catalyst CDE-5 and COCRF SubCDE 43, LLC, which are Community Development Entities (CDEs) formed for the NMTC transactions. Under the terms of the notes, interest is fixed at 1.5%, payable quarterly, beginning December 2016 until October 2023. All principal and any unpaid interest is due in October 2046. Interest earned in 2023 and 2022 was \$80,408 and \$100,860, respectively, and is reflected in other income on the consolidated statements of operations.

NMTC Notes Payable

WholeLife[®] Services, Inc. entered into agreements with the CDEs for total borrowings of \$9,820,000. These funds were used to finance the construction of the Mabee WholeLife[®] Service Center Project and are intended to be treated as a "qualified low-income community investment" for purposes of generating NMTC under Section 45D of the Internal Revenue Code of 1986, as amended. The loans are secured by a property deed of trust, security agreement and fixture filing on this project, and a guaranty by The Women's Home. Pursuant to the issuance of the NMTC loans, WholeLife[®] Services, Inc. is required to maintain certain funds at Capital One, N.A. which are contractually restricted. At December 31, 2022, \$48,308 was held for this purpose.

At any time after the seventh anniversary of October 14, 2016 and before the eighth anniversary, the sole member in the Investment Fund could exercise a put option to The Women's Home to sell its interest in the Investment Fund for \$1,000. This put option was exercised on October 18, 2024, which triggered the unwind of the NMTC transactions, resulting in the cancellation of the \$6,724,000 note receivable and NMTC notes payable of \$9,800,000. The net impact of the unwind after write-off of the associated debt issuance costs and payment of costs directly related to the unwind of the NMTC transactions was \$2,671,649, which is reflected as loan forgiveness for the year ended December 31, 2023 on the consolidated statements of operations.

THE WOMEN'S HOME

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

The balances outstanding on the NMTC notes payable are as follows at December 31:

	2023	2022
Note payable to Catalyst CDE-5, interest of 1.539%. As part of the NMTC unwind, a full discharge of the debt was provided as of October 18, 2024.	\$ -	\$ 6,051,600
Note payable to Catalyst CDE-5, interest of 1.539%. As part of the NMTC unwind, a full discharge of the debt was provided as of October 18, 2024.	-	2,768,400
Note payable to COCRF SubCDE 43, LLC, with interest of 1.009%. As part of the NMTC unwind, a full discharge of the debt was provided as of October 18, 2024.	-	672,400
Note payable to COCRF SubCDE 43, LLC, with interest of 1.009%. As part of the NMTC unwind, a full discharge of the debt was provided as of October 18, 2024.	-	327,600
Total NMTC notes payable	-	9,820,000
Less: Unamortized debt issuance costs	-	(424,351)
Total NMTC notes payable, net	\$ -	\$ 9,395,649

Note 12 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following at December 31:

	2023	2022
Subject to specified purpose or period:		
Property maintenance	\$ 1,378,405	\$ 1,543,218
Outpatient treatment program	983,000	800,000
Behavioral health and children's programming	483,912	207,139
Residential rehabilitation program	176,049	258,659
Case managers for Family Place and Garden Place	-	41,480
Total subject to specified purpose or period	3,021,366	2,850,496
Subject to restriction in perpetuity	293,195	293,195
Total net assets with donor restrictions	\$ 3,314,561	\$ 3,143,691

THE WOMEN'S HOME

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Note 13 - Net Assets Released From Donor Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donors. The net assets released from donor restriction are as follows:

	<u>2023</u>	<u>2022</u>
Property maintenance	\$ 413,507	\$ 155,204
Outpatient treatment program	267,000	-
Residential rehabilitation program	258,659	242,286
Behavioral health and children's programing	207,139	502,101
Case managers for Family Place and Garden Place	<u>41,480</u>	<u>12,081</u>
Net assets released from donor restrictions	<u>\$ 1,187,785</u>	<u>\$ 911,672</u>

Note 14 - Endowment Fund

The Home has a donor-restricted endowment fund for facility maintenance which is maintained in accordance with explicit donor stipulations. The Board of Directors of The Home has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Home classifies net assets associated with the donor-restricted endowment as net assets with donor restrictions.

In accordance with TUPMIFA, The Home considers the following factors in making a determination to appropriate for expenditure or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of The Home and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of The Home
- The investment policies of The Home

The Home has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that preserve the inflation-adjusted purchasing power of the assets. To satisfy its long-term rate-of-return objectives, The Home relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Home targets a diversified portfolio to achieve its long-term objectives within prudent risk constraints. The Home has adopted a distribution policy of up to five percent of the average fair value of the funds for the preceding twelve quarters. In establishing this policy, The Home considered the long-term expected return on its endowment.

THE WOMEN'S HOME

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Endowment net assets consist of the following at December 31, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Original donor restricted gift amount required to be maintained in perpetuity by donor	\$ -	\$ 293,195	\$ 293,195
Accumulated investment gains	<u>-</u>	<u>159,682</u>	<u>159,682</u>
Total	<u>\$ -</u>	<u>\$ 452,877</u>	<u>\$ 452,877</u>

Endowment net assets consist of the following at December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Original donor restricted gift amount required to be maintained in perpetuity by donor	\$ -	\$ 293,195	\$ 293,195
Accumulated investment gains	<u>-</u>	<u>150,300</u>	<u>150,300</u>
Total	<u>\$ -</u>	<u>\$ 443,495</u>	<u>\$ 443,495</u>

Changes in the endowment fund for the years ended December 31, 2023 and 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, January 1, 2022	\$ -	\$ 530,168	\$ 530,168
Investment loss	-	(83,387)	(83,387)
Investment management fees	<u>-</u>	<u>(3,286)</u>	<u>(3,286)</u>
Endowment net assets, December 31, 2022	<u>-</u>	<u>443,495</u>	<u>443,495</u>
Investment gain	-	60,293	60,293
Investment management fees	-	(3,280)	(3,280)
Appropriation for expenditure	<u>-</u>	<u>(47,631)</u>	<u>(47,631)</u>
Endowment net assets, December 31, 2023	<u>\$ -</u>	<u>\$ 452,877</u>	<u>\$ 452,877</u>

Note 15 - Employee Benefit Plan

The Home established a defined contribution plan for its employees. Under this plan, the employee may elect to defer a percentage of eligible compensation, as defined in the plan adoption agreement and subject to limit by Internal Revenue Code regulations. During 2023 and 2022, The Home matched 100% of the participant's contributions, up to 4% of the participant's eligible compensation. The matching contributions made into the defined contribution plan by The Home during 2023 and 2022 were approximately \$83,000 and \$84,000, respectively.

THE WOMEN'S HOME

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Note 16 - Commitments and Contingencies

A portion of the development costs of The Home's affordable housing projects has been funded through HOME funds and other governmental grants or performance-based loans. These agreements have various restrictive covenants, including operating and financial constraints such as limitations on transfer or sale of the properties or additional borrowings and required replacement and other reserves. These sources of funding generally place specific long-term restrictions on the properties as to their operation as affordable housing. Should these restrictions not be met in the future, The Home would be responsible for refunding all or a portion of these proceeds to the government. A liability for such repayment is not reported in these consolidated financial statements because management believes the properties are being operated in accordance with such restrictions.

Jane Cizik Garden Place

This property was funded in part by a \$2,500,000 HOME grant from the City of Houston, a \$1,009,500 HOME grant from Harris County, and a \$400,000 grant from the U.S. Department of Housing and Urban Development. Under the terms of the grants, these amounts and accrued interest will be forgiven 20 years after project completion (in 2028, 2028 and 2029, respectively), provided The Women's Home continues to comply with the terms of the agreements. The development is subject to Land Use Restriction Agreements for each of the funding sources.

Adele and Ber Pieper Family Place (Hammerly LP)

This property was funded in part by a \$3,500,000 HOME grant from the City of Houston. Under the terms of the grant agreement, this amount plus accrued interest will be forgiven 20 years after completion of the facility (in 2036), provided that The Women's Home continues to comply with the terms of the agreement.

This property was funded in part by a \$500,000 subsidy from the Federal Home Loan Bank of Dallas. Under the terms of the subsidy agreement, principal and interest will be forgiven 15 years after completion of the facility (in 2031), provided that The Women's Home continues to comply with the terms of the agreement.

This project received a Housing Tax Credit allocation which was sold in return for a limited partnership interest in Hammerly LP. These Housing Tax Credits require compliance with Section 42 of the Internal Revenue Code. Failure to maintain compliance with tenant income eligibility and rent limits, or to correct instances of noncompliance within a reasonable time period, could result in recapture of previously claimed tax credits plus interest. The Women's Home is the guarantor of the limited partnership agreement.

Hammerly GP is required to establish a \$400,000 operating reserve from proceeds of the second and third Investment Partner capital contributions. Hammerly GP is obligated to loan Hammerly LP any funds required to fund operating deficits, beginning with the date breakeven operations, as defined, is achieved and ending on the later of the date on which (i) breakeven operations are maintained over twelve month periods on an annual basis for three consecutive years, and (ii) the operating reserve account balance is at least equal to \$400,000. Hammerly GP shall not be obligated to fund more than \$625,000 of operating deficits in the aggregate. Operating Deficit Loans bear no interest and are repayable from net cash flow, as defined. Hammerly GP shall not be required to make an Operating Deficit Loan unless the operating reserve has been depleted to zero. As of December 31, 2023 and 2022, the operating reserve held \$413,069 and \$401,835, respectively.

THE WOMEN'S HOME

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Hammerly GP is required to fund a supplemental operating reserve account from distributions of net cash flow, with such funds maintained throughout the compliance period and used to fund operating deficits, capital improvements and social service expenses. As of December 31, 2023 and 2022, the supplemental operating reserve had not been funded.

Note 17 - Future Rental Income

A portion of the Mabee WholeLife® Service Center is leased to tenants, generating approximately \$166,000 and \$149,000 of rental income for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, the total building cost is approximately \$8,492,000 for both years and the related accumulated depreciation is approximately \$1,279,000 and \$1,279,000, respectively. In addition, The Women's Home earned parking lot rental income of approximately \$72,000 and \$64,000 for the years ended December 31, 2023 and 2022, respectively. Future rental income associated with these leases is approximately \$35,000 for the year ended December 31, 2024.

Note 18 - Noncontrolling Ownership Interest

Noncontrolling ownership interest represents the limited partners' ownership in Hammerly LP. For the years ended December 31, 2023 and 2022, the changes in noncontrolling interest are as follows:

	Total	Controlling Interest	Non- Controlling Interest
Balance at January 1, 2022	\$ 7,067,518	\$ (312)	\$ 7,067,830
Fiscal year 2022 activity:			
Change in noncontrolling interest - net loss	(554,518)	(55)	(554,463)
Balance at December 31, 2022	6,513,000	(367)	6,513,367
Fiscal year 2023 activity:			
Change in noncontrolling interest - net loss	(552,255)	(55)	(552,200)
Balance at December 31, 2023	\$ 5,960,745	\$ (422)	\$ 5,961,167

Profits, losses and tax credits are generally allocated to the partners in accordance with their ownership interests. Net cash flow from operations, as defined, shall be distributed annually as defined.

THE WOMEN'S HOME

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Note 19 - Liquidity and Availability of Resources

The following table reflects The Home's financial assets available for general expenditure within one year of December 31, 2023 and 2022, respectively, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statement of financial position. The Home considers contributions with donor restrictions for use in current programs which are ongoing and central to its operations to be available to meet cash needs for general expenditures.

	<u>2023</u>	<u>2022</u>
Financial assets available within one year:		
Cash and cash equivalents	\$ 1,399,268	\$ 1,505,809
Interest-bearing deposit	413,069	-
Pledges receivable	523,416	1,144,435
Government grants receivable	425,615	542,075
Receivables within other assets	28,006	26,336
Investments	<u>2,205,081</u>	<u>1,935,563</u>
Total financial assets available within one year	4,994,455	5,154,218
Amounts unavailable for general expenditure within one year:		
Restricted by donors for property maintenance	(1,378,405)	(1,543,218)
Restricted by donors in perpetuity	(293,195)	(293,195)
Required operating reserve for Hammerly LP	(400,000)	(400,000)
Required replacement reserve for Hammerly LP	<u>(109,752)</u>	<u>(88,752)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,813,103</u>	<u>\$ 2,829,053</u>

The Home regularly monitors liquidity required to meet its operational needs and other contractual commitments. The Home has various sources of liquidity, including cash, cash equivalents and investments. The Home strives to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted resources. Excess funds are invested for long-term appreciation and current income but remain available to be spent at the Board's discretion. For cash flow purposes, The Home has a \$1,000,000 line of credit that had no amounts drawn on it as of December 31, 2023 or 2022. The line of credit matures on July 27, 2025, bears interest at prime and has land and building with a net book value of approximately \$1,000,000 pledged as collateral.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

We have audited the consolidated financial statements of The Women's Home and Affiliates (collectively, The Home) as of and for the year ended December 31, 2023, and have issued our report thereon dated April 29, 2024, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The combining statements of financial position as of December 31, 2023 and the combining statements of operations and changes in equity for the year ended December 31, 2023 (the supplementary information) are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary 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 supplementary 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 the supplementary 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.

The supplementary information does not reflect the adoption of ASC 842, *Leases*, as it applies to a long-term lease that exists between The Women's Home and WholeLife Services, Inc. Such lease eliminates within the consolidated financial statements. In our opinion, the supplementary information, which insofar as it relates to Hammerly LP is based on the report of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "Doeren Mayhew".

Houston, Texas
April 29, 2024

THE WOMEN'S HOME

COMBINING STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2023

	The Women's Home	WholeLife Services, Inc.	Hammerly LP	Intercompany Eliminations	Total
Assets					
Cash and cash equivalents (Note 3)	\$ 1,606,304	\$ (535,772)	\$ 328,736	\$ -	\$ 1,399,268
Interest-bearing deposit	-	-	413,069	-	413,069
Pledges receivable, net (Notes 3 and 5)	523,416	-	-	-	523,416
Government grants receivable	425,615	-	-	-	425,615
Prepaid expenses and other assets	60,571	435	85,858	-	146,864
Developer fee receivable (Note 6)	504,610	-	-	-	504,610
Amounts due from related party, net	6,506,295	(6,422,876)	-	(83,419)	-
Related party notes receivable	6,100,000	-	-	(6,100,000)	-
Investments (Note 7)	2,205,081	-	-	-	2,205,081
Property and equipment, net (Notes 8)	9,183,949	7,339,390	12,110,253	-	28,633,592
	<u>\$ 27,115,841</u>	<u>\$ 381,177</u>	<u>\$ 12,937,916</u>	<u>\$ (6,183,419)</u>	<u>\$ 34,251,515</u>
Liabilities and Equity					
Liabilities:					
Accounts payable and accrued liabilities	\$ 443,618	\$ -	\$ 187,279	\$ -	\$ 630,897
Security deposits and deferred revenue	31,900	-	27,225	-	59,125
Developer fee payable (Note 9)	-	-	579,248	-	579,248
Amounts due to related party, net	-	-	83,419	(83,419)	-
Related party notes payable	-	-	6,100,000	(6,100,000)	-
Note payable, net (Note 10)	699,276	-	-	-	699,276
	<u>\$ 1,174,794</u>	<u>\$ -</u>	<u>\$ 6,977,171</u>	<u>\$ (6,183,419)</u>	<u>\$ 1,968,546</u>
Equity:					
Net assets without donor restrictions	22,626,486	381,177	-	-	23,007,663
Net assets with donor restrictions:					
Temporary (Notes 12 and 14)	3,021,366	-	-	-	3,021,366
Perpetual (Notes 12 and 14)	293,195	-	-	-	293,195
	<u>3,314,561</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,314,561</u>
Partners' capital	-	-	5,960,745	-	5,960,745
	<u>25,941,047</u>	<u>381,177</u>	<u>5,960,745</u>	<u>-</u>	<u>32,282,969</u>
	<u>\$ 27,115,841</u>	<u>\$ 381,177</u>	<u>\$ 12,937,916</u>	<u>\$ (6,183,419)</u>	<u>\$ 34,251,515</u>

See accompanying independent auditor's report and notes to consolidated financial statements

THE WOMEN'S HOME

COMBINING STATEMENTS OF OPERATIONS AND CHANGES IN EQUITY YEAR ENDED DECEMBER 31, 2023

	The Women's Home			WholeLife Service, Inc.			Hammerly LP	Intercompany Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total			
Public support and revenue:									
Government grants	\$ 2,787,822	\$ -	\$ 2,787,822	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,787,822
Contributions and nongovernmental grants	1,987,687	1,109,960	3,097,647	-	-	-	-	-	3,097,647
Program service fees	148,353	-	148,353	-	-	-	946,448	(68,046)	1,026,755
Rental income	988,265	-	988,265	212,346	-	212,346	-	(212,346)	988,265
Sales to public	700,562	-	700,562	-	-	-	-	-	700,562
Special events	386,672	-	386,672	-	-	-	-	-	386,672
Direct donor benefits for special events	(98,478)	-	(98,478)	-	-	-	-	-	(98,478)
Net investment income	36,731	248,695	285,426	-	-	-	13,668	-	299,094
Loan forgiveness (Note 11)	-	-	-	2,671,649	-	2,671,649	-	-	2,671,649
Other income, net (Note 11)	76,953	-	76,953	(5,291)	-	(5,291)	-	-	71,662
Net assets released from restrictions (Note 13)	1,187,785	(1,187,785)	-	-	-	-	-	-	-
Total public support and revenue	8,202,352	170,870	8,373,222	2,878,704	-	2,878,704	960,116	(280,392)	11,931,650
Expenses:									
Program services:									
Apartments and resident services	3,143,768	-	3,143,768	489,182	-	489,182	1,512,371	(280,392)	4,864,929
Residential rehabilitation	1,533,973	-	1,533,973	-	-	-	-	-	1,533,973
Clinical counseling	627,521	-	627,521	-	-	-	-	-	627,521
Support services	930,861	-	930,861	-	-	-	-	-	930,861
Outpatient treatment	397,294	-	397,294	-	-	-	-	-	397,294
The Cottage Shop	491,765	-	491,765	-	-	-	-	-	491,765
Total program services	7,125,182	-	7,125,182	489,182	-	489,182	1,512,371	(280,392)	8,846,343
Management and general	542,362	-	542,362	-	-	-	-	-	542,362
Fundraising	690,127	-	690,127	-	-	-	-	-	690,127
Total expenses	8,357,671	-	8,357,671	489,182	-	489,182	1,512,371	(280,392)	10,078,832
Change in net assets / net loss	(155,319)	170,870	15,551	2,389,522	-	2,389,522	(552,255)	-	1,852,818
Equity, beginning of year	22,781,805	3,143,691	25,925,496	(2,008,345)	-	(2,008,345)	6,513,000	-	30,430,151
Equity, end of year	\$ 22,626,486	\$ 3,314,561	\$ 25,941,047	\$ 381,177	\$ -	\$ 381,177	\$ 5,960,745	\$ -	\$ 32,282,969

See accompanying independent auditor's report and notes to consolidated financial statements