



DOWNTOWN **WOMEN'S** CENTER

Every woman housed

Consolidated Financial Statements

December 31, 2023

With Summary Comparative Information for 2022

and

With Supplementary Information

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Downtown Women's Center:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Downtown Women's Center (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Downtown Women's Center (the Organization) as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibilities for the Consolidated 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.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 consolidated 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 consolidated 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 Organization'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 Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated August 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, and supplementary schedules, which include the consolidating statements and single asset reports (collectively, the Supplementary Information), are presented for purposes of additional analysis and are 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 Supplementary Information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* and the requirements of the *Audited Financial Statement Handbook for Multifamily Housing of the California Department of Housing and Community Development and the California Housing Finance Agency*, we have also issued a report dated August 27, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of testing and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. The report is an integral report of an audit performed in accordance with *Government Auditing Standards* and the requirements of the *Audited Financial Statement Handbook for Multifamily Rental Housing of the California Department of Housing and Community Development and the California Housing Finance Agency*, in considering the Organization's internal control over financial reporting and compliance.



Long Beach, California
August 27, 2024

DOWNTOWN WOMEN'S CENTER

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

(WITH COMPARATIVE TOTALS FOR 2022)

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
ASSETS				
Cash and cash equivalents	\$ 2,118,205	\$ -	\$ 2,118,205	\$ 2,232,900
Investments	1,425,966	2,908,437	4,334,403	3,727,912
Accounts receivable	6,161,937	-	6,161,937	5,475,431
Promises to give, net	-	2,383,033	2,383,033	1,506,662
Prepays and other assets	520,806	-	520,806	439,304
Operating lease right-of-use assets	186,079	-	186,079	227,235
Restricted cash	1,973,838	-	1,973,838	1,903,634
Property and equipment, net	21,428,574	5,480,000	26,908,574	27,601,506
TOTAL ASSETS	\$ 33,815,405	\$ 10,771,470	\$ 44,586,875	\$ 43,114,584

LIABILITIES AND NET ASSETS

LIABILITIES				
Accounts payable and accruals	\$ 3,821,885	\$ -	\$ 3,821,885	\$ 2,513,305
Operating lease liabilities	197,489	-	197,489	227,235
Loans payable	18,245,838	-	18,245,838	18,418,338
Total liabilities	22,265,212	-	22,265,212	21,158,878
NET ASSETS	11,550,193	10,771,470	22,321,663	21,955,706
TOTAL LIABILITIES AND NET ASSETS				
	\$ 33,815,405	\$ 10,771,470	\$ 44,586,875	\$ 43,114,584

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

DOWNTOWN WOMEN'S CENTER

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2023</u>	<u>2022</u>
SUPPORT AND REVENUE				
Support:				
Grant income	\$ 15,591,533	\$ 4,205,028	\$ 19,796,561	\$ 18,143,816
Contributions	4,028,269	-	4,028,269	2,931,731
Special event income (net of direct expense of \$109,610 for 2023 and \$97,032 for 2022)	867,114	-	867,114	780,672
In-kind support	428,147	-	428,147	626,413
Debt forgiveness	172,500	-	172,500	172,500
Total Support	<u>21,087,563</u>	<u>4,205,028</u>	<u>25,292,591</u>	<u>22,655,132</u>
Other Revenue:				
Net investment gain/(loss)	522,520	-	522,520	(653,585)
Rental income	1,337,320	-	1,337,320	1,000,667
Social enterprise income	286,936	-	286,936	296,553
Other revenue	67,977	-	67,977	53,563
Net assets released from restrictions	3,864,885	(3,864,885)	-	-
Total Other Revenue	<u>6,079,638</u>	<u>(3,864,885)</u>	<u>2,214,753</u>	<u>697,198</u>
Total Support and Other Revenue	<u>27,167,201</u>	<u>340,143</u>	<u>27,507,344</u>	<u>23,352,330</u>
EXPENSES				
Program services	23,006,932	-	23,006,932	21,279,001
Fundraising	1,540,506	-	1,540,506	1,148,701
Management and general	2,593,949	-	2,593,949	1,372,389
Total Expenses	<u>27,141,387</u>	<u>-</u>	<u>27,141,387</u>	<u>23,800,091</u>
CHANGE IN NET ASSETS	25,814	340,143	365,957	(447,761)
NET ASSETS, BEGINNING OF YEAR	<u>11,524,379</u>	<u>10,431,327</u>	<u>21,955,706</u>	<u>22,403,467</u>
NET ASSETS, END OF YEAR	<u>\$ 11,550,193</u>	<u>\$ 10,771,470</u>	<u>\$ 22,321,663</u>	<u>\$ 21,955,706</u>

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

DOWNTOWN WOMEN'S CENTER

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	<u>Program Services</u>				<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>	
	<u>Health and Wellness</u>	<u>Housing</u>	<u>Other</u>	<u>Total</u>			<u>2023</u>	<u>2022</u>
Salaries	\$ 3,632,533	\$ 5,369,828	\$ 1,560,352	\$ 10,562,713	\$ 720,728	\$ 855,463	\$ 12,138,904	\$ 9,958,745
Benefits and payroll taxes	700,614	1,051,010	340,710	2,092,334	117,710	369,694	2,579,738	2,107,515
In-kind - program supplies	-	10,000	-	10,000	418,147	-	428,147	626,413
Housing	91,360	3,280,984	4,679	3,377,023	468	622	3,378,113	4,711,859
Facilities and maintenance	632,832	508,752	289,640	1,431,224	26,332	94,917	1,552,473	1,444,332
Health and wellness	2,996,412	81,208	71,605	3,149,225	6,450	19,317	3,174,992	1,681,140
Consulting	411,899	185,211	367,808	964,918	188,261	140,652	1,293,831	960,908
Travel and transportation	8,654	89,922	19,806	118,382	2,141	2,544	123,067	92,324
Insurance	43,287	64,587	21,583	129,457	6,975	62,131	198,563	166,794
Printing and postage	20,485	30,716	13,016	64,217	29,831	28,226	122,274	94,826
Miscellaneous	13,977	12,571	27,967	54,515	4,536	16,631	75,682	123,933
Office supplies	12,719	26,152	7,804	46,675	2,583	10,159	59,417	47,244
Conferences and training	15,557	37,687	42,911	96,155	3,308	16,368	115,831	217,406
Meals and entertainment	4,020	7,484	3,488	14,992	1,981	3,600	20,573	22,891
Workforce development	130	17,590	17,749	35,469	-	-	35,469	30,560
Taxes, licenses, and permits	-	-	12,356	12,356	-	20,407	32,763	3,031
Technology	-	10,850	11,240	22,090	6,087	270,846	299,023	252,274
Accounting and legal	-	4,360	-	4,360	-	516,448	520,808	295,812
Interest expense	-	-	-	-	-	88,950	88,950	33,538
Bank fees	-	-	-	-	275	61,214	61,489	99,678
Total expenses before depreciation and	<u>8,584,479</u>	<u>10,788,912</u>	<u>2,812,714</u>	<u>22,186,105</u>	<u>1,535,813</u>	<u>2,578,189</u>	<u>26,300,107</u>	<u>22,971,223</u>
Depreciation and amortization	<u>88,760</u>	<u>684,358</u>	<u>47,709</u>	<u>820,827</u>	<u>4,693</u>	<u>15,760</u>	<u>841,280</u>	<u>828,868</u>
Total expenses	<u>\$ 8,673,239</u>	<u>\$ 11,473,270</u>	<u>\$ 2,860,423</u>	<u>\$ 23,006,932</u>	<u>\$ 1,540,506</u>	<u>\$ 2,593,949</u>	<u>\$ 27,141,387</u>	<u>\$ 23,800,091</u>
2023 percentage of total expenses	31.96%	42.27%	10.54%	84.77%	5.68%	9.56%	100%	
2022 percentage of total expenses	27.81%	50.64%	10.96%	89.41%	4.83%	5.77%		100%

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

DOWNTOWN WOMEN'S CENTER

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 365,957	\$ (447,761)
Adjustments to reconcile change in net assets to cash from operating activities:		
Stock donations received	(39,825)	(109,309)
Unrealized (gain) loss on investments	(522,520)	793,244
Forgiveness of loan	(172,500)	(172,500)
Depreciation and amortization	841,280	828,868
Amortization of operating lease right-of-use assets	41,156	-
Changes in operating assets and liabilities:		
Accounts receivable	(686,506)	(1,904,980)
Promises to give	(876,371)	37,173
Prepays and other assets	(81,502)	(270,645)
Accounts payable and accruals	1,308,580	946,682
Operating lease liabilities	(29,746)	-
Net Cash Provided By (Used In) Operating Activities	148,003	(299,228)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	868,782	1,051,916
Purchases of investments	(912,928)	(920,066)
Purchases of property and equipment	(148,348)	(75,935)
Net Cash Provided By (Used In) Investing Activities	(192,494)	55,915
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(44,491)	(243,313)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	4,136,534	4,379,847
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	\$ 4,092,043	\$ 4,136,534
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH SUMMARY		
Cash	\$ 2,118,205	\$ 2,232,900
Restricted cash	1,973,838	1,903,634
	\$ 4,092,043	\$ 4,136,534
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ 88,950	\$ 33,538

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

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 1 – Organization and Purpose

The Downtown Women's Center ("DWC" or "the Organization") is the only organization in Los Angeles focused exclusively on serving and empowering women experiencing homelessness and formerly homeless women. DWC envisions a Los Angeles with every woman housed and on a path to personal stability. DWC's mission is to end homelessness for women in greater Los Angeles through housing, wellness, employment, and advocacy.

Founded in 1978, DWC was the first permanent supportive housing provider for women in the United States. It has become a nationally recognized model because its wraparound services fulfill immediate and critical needs while providing more intensive and long-term solutions to ending homelessness for women. The Organization now reaches over 5,087 women annually and provides a wide array of resources all in one place to remove barriers to accessing support, including:

- **Basic Needs and Resources:** For women who are homeless or in night-to-night shelters, DWC's Day Center provides warm meals and other essential services such as access to phones, mail, laundry, and showers.
- **On-Site Housing and Supportive Services:** With 119 units of permanent supportive housing in two residences, DWC is one of the largest housing centers for women in the nation and continues to create innovative and successful housing models focused on ending women's homelessness.
- **Community-Based Housing Services:** Through partnerships with the Los Angeles County Department of Health Services and grants from corporations and private foundations, Los Angeles Homeless Services Agency, the Governor's Office of Emergency Services, and private foundations, DWC provides housing and supportive services to female veterans and their families, women with severe physical and mental health concerns, and survivors of domestic violence. DWC's case managers work individually with women to connect them with housing and resources throughout Los Angeles County.
- **Health and Wellness:** DWC offers individual and group counseling, medical care, mental health services, preventive screenings, trauma recovery services, and enrichment activities focused on overall health and social connectedness.
- **Job Readiness and MADE by DWC:** DWC offers education, job readiness, and employment placement resources aimed at breaking the cycles of unemployment and homelessness, along with two innovative social enterprise boutiques through which job training opportunities are provided.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 1 – Organization and Purpose (Continued)

- **Advocates Program:** This training program empowers formerly homeless women to become successful advocates for themselves and for other women experiencing homelessness. DWC Advocates participate in press interviews, public policy meetings, lobby visits with legislators, fundraising events, and press conferences. DWC's Domestic Violence Homeless Services Coalition also continues to convene, organize, and advocate to meet the underlying goal of affecting systematic change to better serve the needs of DV (Domestic Violence) survivors experiencing homelessness.
- **Public Education and Volunteer Program:** DWC conducts outreach and public education efforts on the root causes of and solutions to women's homelessness along with engaging over 6,500 individuals annually to volunteer their time to support DWC's direct service, fundraising, and advocacy efforts.
- **Measuring Impact:** DWC is measuring how it moves the needle on ending the cycle of homelessness, so that the organization can continue to offer unique and successful programs and share their practices with the community.

DWC serves women who are homeless, formerly homeless, and extremely low-income. They participate in program offerings at the DWC Day Center or are served by DWC's housing programs. The women reflect the multi-ethnic diversity of Los Angeles and come from a variety of backgrounds. Many are dealing with the effects of extreme stress and difficulty of life on the streets. Almost one hundred percent of them live significantly below the poverty line with little or no income, and the majority are overcoming histories of domestic violence and sexual assault, physical and mental illness, major depression, trauma, and/or long-term homelessness.

In 2023, DWC achieved the following milestones:

- Served 5,087 participants across all its programs.
 - The Day Center served 2,173 participants, prepared 116,747 meals, increased enrichment activities, introduced community meetings, increased shower access, and provided health care services to 1,413 participants.
 - The Outreach and Engagement Program partnered with local organizations to outreach and engage unsheltered women living in the Skid Row community. The program served 277 women, a 57% increase from 2022. 157 participants were matched to interim housing and 11 participants were matched to permanent housing.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 1 – Organization and Purpose (Continued)

- The Clinical Services Program provided case management to 597 participants, served 554 participants through mental health services, and increased in person mental health groups.
- The Domestic Violence Housing Program served 187 women through housing and retention services.
- The Workforce Development Program reached 520 participants and supported 84 women in finding employment. The workforce development program also expanded its employment retention services and added vocational and educational placements.
- The Interim Housing Program supported 102 women. The program provided individual rooms and restrooms, onsite supportive services such as case management and mental health services, three meals/day, and harm reduction support.
- The Permanent Supportive Housing Program served 127 residents. Aging in Place Services included an occupational therapist, a registered nurse, and mental health and case management services. The program also increased access to CalAim Services, a new innovative Medi-Cal program to fund homeless services, and served 17 participants.
- Community Based Housing Programs served 529 participants, permanently housed 98 participants.
- The Training Department held 12 external trainings in the community including with the Mayor's Office CRCD Workforce Development Program, Hope of the Valley, Thomas Safran and Associates Property Management Company, Venice Community Housing, Women's Shelter of Long Beach, and Peace over Violence. The Training Department held 84 internal training courses for a total of 1,205 training interactions with staff.
- Permanently housed 192 participants-76 of those participants were living unsheltered in Skid Row at the time of being housed.
- Maintained an overall housing retention rate of 98% through its skilled wrap around services.
- DWC's social enterprise, MADE by DWC, provided 44 transitional jobs across three lines of business and over 13,200 training hours.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1 – Organization and Purpose (Continued)

- Published the 2022 Los Angeles County Women's Needs Assessment, the largest study on women's homelessness in the nation. The study surveyed 586 women across 25 cities and hosted nine listening sessions with 92 women.
- In partnership with the City of Los Angeles, DWC was awarded an Affordable Housing Sustainable Communities Award to support the addition of 98 permanent supportive housing to its San Pedro Campus.
- Over 6,500 individual and group volunteers provided support to on-site and community housing programs, the Day Center, the kitchen, human resources, workforce development, and MADE by DWC.

NOTE 2 – Summary of Significant Accounting Policies

Principles of Consolidation

The Downtown Women's Center Housing, LLC (the LLC), a wholly owned subsidiary of DWC, is a sole member California limited liability corporation formed to hold title to real estate and similar property purchased by DWC.

DWC SP2 LLC (SP2), a wholly owned subsidiary of DWC, is a single-member California limited liability corporation formed to develop and hold title to real estate. Through December 31, 2023, SP2 made payments totaling \$500,000 for a future development project, which is expected to be completed in 2027. SP2 will hold a minority interest in the limited partnership that is developing the property. SP2 has agreed to lend \$500,000 to the project, which is expected to be repaid in full. The \$500,000 is considered a loan and is included in accounts receivable in the accompanying consolidated statement of financial position.

The accompanying consolidated financial statements include DWC, the LLC, and SP2 (collectively, the Center). All material intercompany accounts and transactions have been eliminated upon consolidation.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation

The Center reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets and revenue are classified based upon the existence or absence of donor-imposed restrictions.

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that are temporary in nature that will be met by actions of the Center or the passage of time. Other donor stipulations are perpetual in nature, where the donor stipulates that the corpus be maintained intact in perpetuity.

As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

Comparative Totals

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles in the United States of American (U.S. GAAP). Accordingly, such information should be read in conjunction with the Center's consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Reclassifications

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

Management uses estimates and assumptions in preparing consolidated financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were assumed in preparing the consolidated financial statements. Significant items subject to such estimates and assumptions include estimated useful lives of property and equipment, the valuation of long-lived assets, accounts receivable, and promises to give.

Recently Adopted Accounting Pronouncements

Beginning January 1, 2023, the Center adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and its related amendments, which replaces the incurred loss methodology with an expected loss methodology referred to as the current expected credit loss (CECL) methodology. This ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU also requires the Center to use forward-looking information to better formulate its credit loss estimates.

The ASU permits the use of either a prospective transition method or a modified-retrospective transition method with the cumulative-effect adjustment to the opening balance of net assets. The Center has elected the use of the modified-retrospective transition method. The transition method selected resulted in no adjustment to the opening balance of net assets.

After a thorough evaluation, management has determined that the impact of adopting the CECL standard on the consolidated financial statements is immaterial. The Center has considered factors such as historical loss experience, current economic conditions, and other relevant factors in its credit loss estimation process. As a result, the adoption of the CECL standard has not had a material impact on the Center's consolidated financial position, consolidated statement of activities, or cash flows.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, the Center considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statement of financial position. Realized gains and losses are computed as the difference between the beginning-of-year fair value, or cost for current year acquisitions, and sales proceeds. Unrealized gains and losses are the current year appreciation and depreciation in investments held at year-end. Unrealized gains and losses are included in the change in net assets in the consolidated statement of activities.

The Center's investments are exposed to various risks, such as market and credit risks. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Accounts Receivable

Receivables are stated at unpaid balances, less an allowance for credit losses. The Center provides for losses on receivables using the CECL methodology. The allowance is based on historical loss experience, current economic conditions, and other relevant factors in its credit loss estimation process and provides for probable uncollectable amounts through a charge to support and revenues and a credit to a credit losses allowance based on its assessment. Balances which are still outstanding after management has used reasonable collection efforts are written off through a charge to the credit losses allowance and a credit to accounts receivable. Although the Center expects to collect amounts due, actual collections may differ. There was no allowance for credit losses for the years ended December 31, 2023 and 2022. Credit losses for the years ended December 31, 2023 and 2022 were insignificant. At December 31, 2023, management considers receivables fully collectible.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

Purchased property and equipment is recorded at cost. Donated property and equipment is recorded at the estimated fair value at the date of donation. Depreciation of buildings, equipment, and software is provided on a straight-line basis over the estimated useful lives of the respective assets. Major improvements and replacements of property are capitalized. Maintenance, repairs, and minor improvements and replacements are expensed. Larger property donations for which there is a reasonable basis to measure value, and purchases over \$5,000, are capitalized and depreciated.

Contributions

All contributions are considered to be available without donor restrictions unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions that increase those net asset classes. When a donor's stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statement of activities as net assets released from restrictions.

Contributions, including endowment gifts and pledges, are recognized as support in the period received or pledged. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Discounts are computed using risk-free interest rates applicable to the years in which the pledges are expected to be received. Amortization of the discounts is included in contribution revenue. The Center uses an interest rate of 2% to compute the discount on multi-year pledges. Conditional promises to give are not included as support until the conditions are substantially met.

Revenue from Grants

Revenue from grants for program services are generally conditioned upon certain performance requirements. Amounts received are recognized as revenue as the Center performs the individual performance obligations. Any difference between performance obligations completed and the total funds received (not to exceed the grant maximum) is recorded as a receivable or liability, whichever is applicable. Deferred revenue for the year ended December 31, 2023, totaled approximately \$2,049,000 and is included in accounts payable and accruals in the accompanying consolidated statement of financial position. The Center is party to conditional government grants with terms through June 30, 2027, and additional funding of approximately \$12,841,868 that has not been recognized as of December 31, 2023 because certain performance obligations have not yet been met.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Legacies and Bequests

The Center has been named a beneficiary in a number of bequests. Bequests are not recognized as support until all of the following conditions are met: the demise of the testator; the amount of the bequest is known; and the Center is certain that, based on the estate's net assets, the amount bequeathed is realizable and the probate court has declared the will valid.

Contributions In-Kind

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

The Center recorded in-kind support totaling \$428,147 for donated food, clothing, household items, furnishings, equipment, holiday items, and professional services during the year ended December 31, 2023 (see Note 15). Donated volunteer services other than professional services are not reflected in the accompanying consolidated financial statements; however, in 2023, more than 1,238 volunteers donated approximately 7,624 hours valued at an estimated \$237,106. The value of volunteer time is calculated by The Independent Sector based on the average hourly earnings of all production and non-supervisory workers on private non-farm payrolls - as determined by the Bureau of Labor Statistics.

Social Enterprise Income

Social enterprise income is recognized at a point in time when products are sold at the Center's boutiques. Revenue is measured as the amount of total consideration received in exchange for providing the product.

A performance obligation is a promise to transfer a distinct good to the customer. For social enterprise transactions, the Center provides products at specified rates, such as for food, drinks, or handmade products.

The Center did not have any receivables, contract assets, or contract liabilities arising from transactions with social enterprise customers.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and other activities based upon the relative benefit received. Expenses are allocated on a square footage basis or on the basis of estimates of time and effort.

Tax Status

DWC is a nonprofit organization and, therefore, is not subject to federal or state income taxes under Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code. This exemption is for all income taxes except for those assessed on unrelated business income, of which there is none.

The LLC and SP2 are limited liability corporations and have elected to be treated as partnerships for federal income tax purposes and, accordingly, the income or loss of the LLC will be recorded on the return of its member(s). The LLC and SP2 are exempt from California franchise tax under California Revenue and Taxation Code Section 23701(d). As a result, no provision for income tax has been recorded on these consolidated financial statements.

The Center recognizes the consolidated financial statement benefit of tax positions, such as its filing status as tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Center is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California purposes is four years, respectively.

Leasing Arrangements

The Center determines if an arrangement contains a lease at inception based on whether the Center has the right to control the asset during the contract period and other facts and circumstances. The Center elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Leasing Arrangements (Continued)

The Center's policy for determining its lease discount rate used for measuring lease liabilities is to use the rate implicit in the lease whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, then the Center has elected to use the risk-free discount rate, as permitted by U.S. GAAP, determined using a period comparable with that of the lease term.

The Center has elected a policy to account for short-term leases, defined as any lease with a term less than 12 months, by recognizing all components of the lease payment in the consolidated statement of activities in the period in which the obligation for the payments is incurred.

Subsequent Events

The Center has evaluated subsequent events through August 27, 2024, the date the consolidated financial statements were available to be issued for the year ended December 31, 2023.

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 – Financial Assets and Liquidity Resources

The total financial assets held by the Center at December 31, 2023 and the amounts of those financial assets that could be made available for general expenditures, that is, without donor, lender, or other restrictions limiting their use, within one year of the date of the consolidated statement of financial position, are summarized in the following table:

Financial assets at December 31, 2023	
Cash and cash equivalents	\$ 2,118,205
Restricted cash	1,973,838
Investments	4,334,403
Accounts receivable	6,161,937
Promises to give	<u>2,383,033</u>
TOTAL FINANCIAL ASSETS AT DECEMBER 31, 2023	16,971,416
Less amounts not available to be used within one year, Due to:	
Lender Requirements:	
Restricted cash reserves	(1,973,838)
Donor-Imposed Restrictions:	
Promises to give with purpose or time restrictions	(1,116,000)
Funds held with purpose restrictions	<u>(2,908,437)</u>
FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 10,973,141</u>

The Center regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investment of its available funds. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

To help manage unanticipated liquidity needs, the Organization has a line of credit of \$2,500,000, of which the entire amount was unused and available at December 31, 2023.

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 4 – Restricted Cash

The Center is required under terms of various loans payable agreements to maintain reserves for property maintenance, operating expense shortfalls, or any discontinuance of rent subsidies received by the Center. The funds are required to be held in an interest-bearing account, earnings retained, and are not available for current use.

Restricted cash balances as of December 31, 2023 consist of the following:

<u>Lender</u>	<u>Reserve Requirements</u>	<u>Reserve Purpose</u>	<u>Amount</u>
MHP Housing Authority	\$850 per unit at the San Pedro Street Home	Replacement	\$ 745,550
	\$607 per unit at the Los Angeles Street Home or amounts required by senior financing	Replacement	28,883
MHP	\$150,237 initial funding, plus annual operating surpluses	Operating	171,505
MHP	\$504,806, plus annual funding of \$80,000 until the reserve reaches \$1,027,900	Transition	<u>1,027,900</u>
Total restricted cash for lender reserves			<u>\$ 1,973,838</u>

The Home Funds and CRA loans payable agreements (as described in Note 11) also contain provisions for replacement, operating, and transition reserves. The agreements require minimum funding equal to or less than the California Department of Housing and Community Development's Multifamily Housing Program (MHP) required reserves and additional funding only in periods of cash flow in excess of operating expenses.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 5 – Investments

Investments at December 31, 2023 consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
Fixed income	\$ 1,788,919	\$ 1,665,075
Equities	<u>1,960,519</u>	<u>2,669,328</u>
	<u>\$ 3,749,438</u>	<u>\$ 4,334,403</u>

NOTE 6 – Fair Value Hierarchy

The Center uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument 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 measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates, and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The Center groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Center has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 6 – Fair Value Hierarchy (Continued)

The following table presents assets at December 31, 2023 that are measured at fair value on a recurring basis:

	Fair Value Measurements at Reporting Date			
	Level 1	Level 2	Level 3	Total
Investments				
Fixed income	\$ 1,665,075	\$ -	\$ -	\$ 1,665,075
Equities	<u>2,669,328</u>	<u>-</u>	<u>-</u>	<u>2,669,328</u>
Total	<u>\$ 4,334,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,334,403</u>

NOTE 7 – Promises to Give

The Center anticipates collection of outstanding pledges receivable at December 31, 2023 as follows:

Receivable in one year	\$ 1,293,198
Receivable in two to five years	<u>1,116,000</u>
	2,409,198
Less discount to present value	<u>(26,165)</u>
Net unconditional promises to give	<u>\$ 2,383,033</u>

NOTE 8 – Property and Equipment

Property and equipment at December 31, 2023 consists of the following:

		<u>Estimated Useful Lives</u>
Land	\$ 6,070,500	
Building and improvements	30,003,976	39.5 years
Furniture and equipment	1,000,189	5-20 years
Software and website	<u>68,500</u>	3 years
	37,143,165	
Less accumulated depreciation and amortization	<u>(10,234,591)</u>	
	<u>\$ 26,908,574</u>	

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 8 – Property and Equipment (Continued)

San Pedro Street Home

In February 2009, the city of Los Angeles donated land and a building (the San Pedro Street Home) to be used by the Center to expand program services. The six-story San Pedro Street Home is located at 434, 438, and 442 South San Pedro Street, Los Angeles, California. The Center completed the renovation of this building in December 2010, which provides 71 units of permanent, supportive, affordable housing, a drop-in Day Center, a social enterprise/job-training program, and the only medical and mental health clinic specializing in women's health on Skid Row. The completed rehabilitation created a new home for the Center and has resulted in a significant increase in both the housing offered and the number of women served by the Center.

In conjunction with the development of the San Pedro Street Home, an agreement containing covenants affecting real property was recorded by the city of Los Angeles restricting occupancy of the residential units for a period of at least 55 years to women who are homeless or at risk of homelessness and the total monthly rental charges affordable to persons at the very low income level or below. The Center reports the land value for the San Pedro Street Home as with donor restricted assets due to the nature of this restriction on use imposed at the time of donation.

Los Angeles Street Home

Also included in buildings and improvements are costs relating to the Center's renovation of its Los Angeles Street Home located at 325 and 333 Los Angeles Street, Los Angeles, California, which was completed in November 2012. The renovation of the facility includes an additional 48 residential units and serves chronically homeless women, providing a pathway out of homelessness and into personal stability. As part of the renovation project, the Center also opened the MADE by DWC Resale Boutique, which provides quality products for sale to the Los Angeles community while providing on-the-job vocational education and training to the women that it serves.

NOTE 9 – Line of Credit

The Center has a line of credit agreement with a bank whereby it may borrow up to \$2,500,000 at the greater of 2.5% per year, or the prime rate as it exists (8.50% at December 31, 2023) minus 0.5%. The line of credit commitment expires March 31, 2025. At December 31, 2023, there was no balance outstanding on the line of credit.

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 – Lease Arrangements

The Center leases its office equipment under operating leases with five-year initial terms. Most leases include renewal options which can extend the lease term up to five years. The exercise of these renewal options is at the sole discretion of the Center, and only lease options that the Center believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities. Rent expense for operating leases for the year ended December 31, 2023, totaled \$78,784.

The following summarizes the line items in the consolidated statement of financial position which include amounts for operating leases as of December 31, 2023:

Operating lease right-of-use assets	<u>\$ 186,079</u>
Operating lease liabilities	<u>\$ 197,489</u>

The following table summarizes the supplemental cash flow information for the year ended December 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 73,375

The weighted-average remaining lease term and discount rate as of December 31, 2023 were as follows:

Weighted-average remaining lease term - operating leases	3.18 years
Weighted-average discount rate - operating leases	2.51%

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 – Lease Arrangements (Continued)

The maturities of operating lease liabilities as of December 31, 2023 are as follows:

Year Ending December 31,	Operating Leases
2024	\$ 63,409
2025	61,340
2026	64,407
2027	16,428
Total minimum lease payments	205,584
Less amount representing interest	(8,095)
	\$ 197,489

NOTE 11 – Loans Payable

Loans payable at December 31, 2023 consists of the following:

CRA Permanent Loan	\$ 1,207,500
Housing Authority Loan – San Pedro Street Home	2,000,000
Housing Authority Loan – Los Angeles Street Home	1,395,282
Home Fund Loan	4,847,914
AHP Loan – San Pedro Street Home	420,000
AHP Loan – Los Angeles Street Home	390,000
MHP Loan	7,985,142
	\$ 18,245,838

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 11 – Loans Payable (Continued)

The Center has entered into construction and permanent loan agreements with various lending and government entities. The City of Los Angeles Community Redevelopment Agency (CRA) loaned the Center \$950,000 (CRA Preconstruction Loan) for predevelopment costs associated with the development of a new site in 2010. Subsequent to the acquisition of the property, the CRA agreed to provide additional construction and permanent financing up to \$3,450,000 (CRA Permanent Loan) inclusive of the CRA Preconstruction Loan. The loan is secured by a second lien deed of trust, subordinate to the MHP loan on the San Pedro Street Home property and rights to plans with interest at 3%. Interest and principal payments are to be repaid in annual installments in the form of service credits, as defined by the agreement, for a period of 20 years. DWC has recognized a service credit as debt forgiveness in the accompanying consolidated statement of activities in the amount of \$172,500 for the year ended December 31, 2023. While the Los Angeles Housing and Community Investment Department, which is managing all CRA loans, has not formally approved the payment, management believes it has fulfilled the requisite duties outlined in the agreement to earn the service credit for the year ended December 31, 2023. At December 31, 2023, the CRA Permanent Loan balance was \$1,207,500.

In June 2009, the Center obtained financing from the Housing Authority of the County of Los Angeles (Housing Authority). The Housing Authority agreement provides for advances up to \$2,000,000 (Housing Authority Loan - San Pedro Street Home), secured by a fourth-lien position deed of trust on the San Pedro Street Home property, subject to interest at 3%.

Interest and principal repayments are due to the Housing Authority at 6.74% of residual receipts as defined by the agreement, of the leasing activities for the property payable through March 2065. It is not anticipated that the Center will have any residual receipts on the operation of the San Pedro Street Home that will activate the requirement to make cash repayments on the Housing Authority San Pedro Street Home Loan. At December 31, 2023, the Housing Authority San Pedro Street Home Loan balance was \$2,000,000.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 11 – Loans Payable (Continued)

In March 2012, the Center obtained financing from the Housing Authority. The Housing Authority agreement provides for advances up to \$1,395,282 (Housing Authority Loan - Los Angeles Street Home), secured by a deed of trust on the Los Angeles Street Home property, subject to interest at 3%. Principal repayments are to be made in annual installments of 50% of residual receipts, as defined by the agreement, for the operating year that is two years prior through June 1, 2066, when the loan principal and all accrued interest is due in full. It is not anticipated that the Center will have any residual receipts on the operation of the Los Angeles Street Home that will activate the requirement to make cash repayments on the Housing Authority Los Angeles Street Home Loan. At December 31, 2023, the outstanding balance was \$1,395,282.

The Center has a note payable to the City of Los Angeles Home Fund (Home Fund Loan). The Home Fund Loan is secured by a third-lien position deed of trust on the San Pedro Street Home property, subject to interest at 5%. Interest and principal repayments are due to the city of Los Angeles at 26.92% of the residual receipts of the project as defined by the agreement, payable through June 2066, when the loan principal and all accrued interest is due in full. It is not anticipated that the Center will have any residual receipts on the operation of the San Pedro Street Home that will activate the requirement to make cash payments on the Home Fund Loan. At December 31, 2023, the Home Fund Loan balance was \$4,847,914.

The Center has obtained financing from the Federal Home Loan Affordable Housing program (AHP Loan – San Pedro Street Home) to finance construction on the San Pedro Street Home. The loan is secured by a deed of trust with assignment of rents, security agreement and fixture filing and is subordinate to the MHP, CRA Preconstruction and Permanent Loans, Housing Authority Loan, and Home Fund Loan. The loan will be forgiven in November 2026 upon the Center fulfilling the restricted use requirements as defined in the agreement. At December 31, 2023, the AHP Loan – San Pedro Street Home balance was \$420,000.

In October 2013, the Center obtained financing from the Federal Home Loan Affordable Housing Program (AHP Loan – Los Angeles Street Home) for renovations at its Los Angeles Street Home. The loan is secured by a deed of trust with assignment of rents, security agreements, fixture filing, and is subordinate to the Housing Authority Los Angeles Street Home Loan. The loan will be forgiven in November 2027 upon the Center fulfilling the restricted use requirements as defined in the agreement. At December 31, 2023, the loan balance was \$390,000.

DOWNTOWN WOMEN'S CENTER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11 – Loans Payable (Continued)

In March 2012, the Center received proceeds in the amount of \$7,985,142 from the MHP, of which \$6,716,686 was used to fund repayment of a bank construction loan balance and related accrued interest. The MHP loan is secured by a first-lien position deed of trust and assignment of rents on the San Pedro Street Home. The loan is subject to interest at 3% per annum and matures March 2067. The Center is required to make payments in an amount equal to the lesser of the full amount of interest accruing on the unpaid principal amount advanced for the preceding 12-month period, or the amount determined by MHP, to be necessary to cover the costs of continued monitoring of the compliance of the Center's MHP. These payments are required should the Center have net cash flow as described in the agreement. It is not anticipated that the Center will have net cash flow from operations. In addition, the Center must make annual payments recorded as reductions in contingent interest equal to .42% of the principal balance. Annual payments made during the year ended December 31, 2023 were \$33,538. At December 31, 2023, the loan balance was \$7,985,142.

Certain loans payable contain provisions for interest accrual and payment should the Center generate residual receipts or net cash flow from operations. The Center does not anticipate generating income from operations requiring repayment of the accrued interest, but future repayment is reasonably possible.

Contingent interest payable associated with the forgivable debt as of December 31, 2023 is summarized below:

Housing Authority-San Pedro Street Home Loan	\$ 834,943
Housing Authority-Los Angeles Street Home Loan	470,494
Home Fund Loan	3,311,543
MHP Loan	<u>2,456,135</u>
Total contingent interest payable	<u>\$ 7,073,115</u>

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 12 – Rental Subsidy

The Center entered into an agreement with the Housing Authority that provides a rental subsidy to the Center for select units in its San Pedro Street Home through December 2025. The Housing Authority distributes funding provided by federal Housing and Urban Development (HUD). The Housing Authority provides housing assistance payments (HAP) for units designated for families receiving supportive services. There are currently 66 units that are designated for use by HAP recipients. During the year ended December 31, 2023, the Center received \$1,282,789 in HAP payments which is included on the consolidated statement of activities in rental income.

NOTE 13 – Retirement Plan

The Center has a defined contribution retirement plan covering all eligible employees with one year of service. The Center may make discretionary contributions to the plan. The Center's contributions to the plan totaled \$66,895 during the year ended December 31, 2023.

NOTE 14 – Net Assets With Donor Restrictions

The activity of net assets with donor restrictions for the year ended December 31, 2023 is as follows:

	Balance at December 31, <u>2022</u>	Contributions	Releases	Balance at December 31, <u>2023</u>
Net assets restricted for time or purpose:				
Advocacy	\$ 418,739	\$ 838,330	\$ (518,488)	\$ 738,581
Capital Campaign	1,771,852	-	-	1,771,852
Employment	39,128	165,000	(53,676)	150,452
Permanent supportive housing and domestic violence	1,858,008	665,000	(1,850,454)	672,554
Housing	39,462	75,000	(72,472)	41,990
Veterans program	17,525	230,000	(125,795)	121,730
Social enterprise programs	48,433	360,000	(300,480)	107,953
Health and wellness	542,646	959,998	(541,209)	961,435
Other	215,534	95,000	(241,684)	68,850
Facilities	-	354,700	(10,627)	344,073
Time restrictions	-	<u>462,000</u>	<u>(150,000)</u>	<u>312,000</u>
	<u>4,951,327</u>	<u>4,205,028</u>	<u>(3,864,885)</u>	<u>5,291,470</u>
Donated land, restricted	<u>5,480,000</u>	<u>-</u>	<u>-</u>	<u>5,480,000</u>
	<u>\$ 10,431,327</u>	<u>\$ 4,205,028</u>	<u>\$ (3,864,885)</u>	<u>\$ 10,771,470</u>

DOWNTOWN WOMEN'S CENTER

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 14 – Net Assets With Donor Restrictions (Continued)

The Center will release from restriction the capital campaign balance when the building is placed in service. As of December 31, 2023, the Center has incurred costs of \$157,735 related to the project and is expected to be complete by 2028.

NOTE 15 – Contributions - In-Kind

The Center receives various goods, such as food, clothing, and household items. Additionally, items are donated to support fundraising events. Management estimates that the value of these items for the year ended December 31, 2023, was \$428,147. During the year ended December 31, 2023, contributions – in-kind included in the accompanying consolidated statement of activities and consolidated statement of functional expenses consisted of the following:

	<u>Revenue Recognized 2023</u>	<u>Valuation Techniques and Inputs</u>
Clothing, food, household items, and other	\$ 428,147	Value is estimated at the fair market value of similar products and goods.

All donated goods were utilized to support the Center's Health and Wellness program services and fundraising activities. There were no donor-imposed restrictions associated with the donated services or goods.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Downtown Women's Center:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Downtown Women's Center (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Downtown Women's Center's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Downtown Women's Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Downtown Women's Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and question costs as items 2023-01 that we considered to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Downtown Women’s Center’s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Downtown Women’s Center’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Downtown Women’s Center’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Windes, Inc.".

Long Beach, California
August 27, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Downtown Women's Center:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Downtown Women's Center's (the Center) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended December 31, 2023. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Center's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Windes, Inc.".

Long Beach, California
August 27, 2024

DOWNTOWN WOMEN'S CENTER

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Expenditures</u>
U. S. Department of Housing and Urban Development		
Continuum of Care Program		
Pass Through:		
Los Angeles Homeless Services Authority	14.267	\$ 459,434
Los Angeles Homeless Services Authority	14.267	<u>1,700,039</u>
		<u>2,159,473</u>
Emergency Solutions Grant		
Pass Through:		
Los Angeles Homeless Services Authority	14.231	182,608
Los Angeles Homeless Services Authority	14.231	124,120
Los Angeles Homeless Services Authority	14.231	103,932
Los Angeles Homeless Services Authority	14.231	<u>16,280</u>
		<u>426,940</u>
U.S. Department of Homeland Security		
Emergency Food and Shelter National Board		
Pass Through:		
United Way	97.024	<u>10,000</u>
U.S. Department of Justice		
Crime Victim Assistance		
Pass Through:		
California Governor's Office of Emergency Services	16.575	339,201
California Governor's Office of Emergency Services	16.575	<u>344,216</u>
		<u>683,417</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ <u>3,279,830</u>

DOWNTOWN WOMEN'S CENTER

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Downtown Women's Center, under programs of the federal government for the year ended December 31, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Downtown Women's Center, it is not intended to and does not present the net position, changes in revenue, expenses and net position, or cash flows of Downtown Women's Center.

NOTE 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – Indirect Cost Rate

Downtown Women's Center has elected not to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

DOWNTOWN WOMEN'S CENTER

SUMMARY OF AUDIT FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

The auditors express an unmodified opinion on whether the consolidated financial statements of Downtown Women's Center were prepared in accordance with generally accepted accounting principles.

Internal control over financial reporting

1. Material weakness(es) identified? – Yes
2. Significant deficiencies identified? – None reported
3. Noncompliance material to financial statements noted? – No

Federal Awards

Internal control over major programs

1. Material weakness(es) identified? – No
2. Significant deficiencies identified? – None reported
3. Type of auditors' report issued on compliance for major programs – Unmodified
4. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? – No
5. Identification of major programs: Continuum of Care Program (CFDA 14.267)
6. Dollar threshold used to distinguish between type A and type B programs was \$750,000.
7. Auditee qualified as low-risk auditee? – Yes

DOWNTOWN WOMEN'S CENTER

SUMMARY OF AUDIT FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION II – FINDINGS – FINANCIAL STATEMENTS AUDIT

The following item is considered to be a material weakness:

2023-01 Revenue Recognition

- Condition:** We proposed and recorded several material adjustments during the audit fieldwork that arose as a result of audit procedures. These adjustments indicate certain month-end close processes are not working as designed in relation to recognizing revenues on the accrual basis of accounting in accordance with U.S. GAAP.
- Criteria:** Management is responsible for maintaining internal controls to ensure revenue transactions are reviewed and approved to ensure proper cutoff. Strong internal controls provide for a control environment where errors and miscoded transactions are detected and corrected on a timely basis. Maintaining a system to verify revenue recognition, along with documentation supporting the approval is a key to strong internal controls.
- Cause:** The Center experienced turnover in management and accounting personnel during the year, which led to some controls not operating as effectively as designed.
- Effect:** Financial reporting may not be accurate. There was a material impact to the financial statements as a result of exceptions noted and corrected through adjusting journal entries after the books were closed.
- Recommendation:** We recommend that the Center implements additional review procedures over incoming contributions. Keeping documentation of discussions and informational exchange could assist in determining the accounting treatment; which should be retained in a central location and accessible to the necessary individuals in the revenue recognition and recording process. Seeking advice, interpretations, or assistance from an external source (as allowable), once the letter has been received could also help support the conclusion on gray areas of non-profit revenue recognition.

DOWNTOWN WOMEN'S CENTER

SUMMARY OF AUDIT FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION II – FINDINGS – FINANCIAL STATEMENTS AUDIT (Continued)

2023-01 Revenue Recognition (Continued)

Managements

Response: Management acknowledges the material weakness identified during the audit, specifically regarding the recognition of multi-year pledges. Out of nearly 200 annual grants under management, it was noted that six multi-year grants were incorrectly recorded on a cash basis rather than on an accrual basis, as per our established revenue recognition policies.

We take this finding seriously and fully agree with the recommendation to address this issue. To prevent similar occurrences in the future, Management will undertake a comprehensive review and enhancement of our current month-end close processes. This review will focus on ensuring that all multi-year pledges and similar revenue streams are recognized in strict accordance with our accrual-based accounting policies.

Additionally, Management is committed to bolstering our team's understanding of revenue recognition standards, particularly those pertinent to non-profit organizations. To this end, we will enroll staff in specialized training on non-profit revenue recognition within the next fiscal year. This training will cover key aspects of accounting for multi-year pledges, and it will ensure that our financial reporting remains accurate and compliant with applicable standards.

Finally, Management will establish ongoing monitoring procedures to ensure that the revised policies and procedures are consistently followed. We will also incorporate periodic reviews as part of our internal controls to promptly identify and correct any discrepancies.

Management remains dedicated to maintaining the highest standards of financial integrity and transparency, and we appreciate the auditors' efforts in identifying this area for improvement. We are confident that the actions outlined above will effectively address the material weakness and strengthen our financial reporting processes moving forward.

DOWNTOWN WOMEN'S CENTER

**SUMMARY OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None

DOWNTOWN WOMEN'S CENTER
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	ASSETS				
	<u>DWC</u>	<u>LLC</u>	<u>SP2 LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
CURRENT ASSETS					
Cash and cash equivalents	\$ 1,653,767	\$ 464,438	\$ -	\$ -	\$ 2,118,205
Investments	4,334,403	-	-	-	4,334,403
Accounts receivable	5,592,578	69,359	500,000	-	6,161,937
Promises to give, net	2,383,033	-	-	-	2,383,033
Loan receivable	500,000	-	-	(500,000)	-
Prepays and other assets	980,100	-	-	(459,294)	520,806
Operating lease right-of-use assets	186,079	-	-	-	186,079
Restricted cash	774,432	1,199,406	-	-	1,973,838
Property and equipment, net	5,408,614	21,499,960	-	-	26,908,574
Investment in LLC	<u>6,310,263</u>	<u>-</u>	<u>-</u>	<u>(6,310,263)</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 28,123,269</u>	<u>\$ 23,233,163</u>	<u>\$ 500,000</u>	<u>\$ (7,269,557)</u>	<u>\$ 44,586,875</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accruals	\$ 3,818,835	\$ 462,344	\$ -	\$ (459,294)	\$ 3,821,885
Operating lease liabilities	197,489	-	-	-	197,489
Loans payable	<u>1,785,282</u>	<u>16,460,556</u>	<u>500,000</u>	<u>(500,000)</u>	<u>18,245,838</u>
Total liabilities	<u>5,801,606</u>	<u>16,922,900</u>	<u>500,000</u>	<u>(959,294)</u>	<u>22,265,212</u>
NET ASSETS	<u>22,321,663</u>	<u>6,310,263</u>	<u>-</u>	<u>(6,310,263)</u>	<u>22,321,663</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 28,123,269</u>	<u>\$ 23,233,163</u>	<u>\$ 500,000</u>	<u>\$ (7,269,557)</u>	<u>\$ 44,586,875</u>

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

DOWNTOWN WOMEN'S CENTER
SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>DWC</u>	<u>LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
SUPPORT AND REVENUE				
Support:				
Grant income	\$ 19,796,561	\$ -	\$ -	\$ 19,796,561
Contributions	4,028,269	-	-	4,028,269
Special event income (net of direct expense \$109,610)	867,114	-	-	867,114
In-kind support	428,147	-	-	428,147
Debt forgiveness	-	172,500	-	172,500
Total Support	<u>25,120,091</u>	<u>172,500</u>	<u>-</u>	<u>25,292,591</u>
Other Revenue:				
Net investment gain	522,520	-	-	522,520
Rental income	1,337,320	1,282,789	(1,282,789)	1,337,320
Social enterprise income	286,936	-	-	286,936
Other revenue	55,352	12,625	-	67,977
Total Other Revenue	<u>2,202,128</u>	<u>1,295,414</u>	<u>(1,282,789)</u>	<u>2,214,753</u>
Total Support and Other Revenue	<u>27,322,219</u>	<u>1,467,914</u>	<u>(1,282,789)</u>	<u>27,507,344</u>
EXPENSES				
Program services	22,375,648	1,914,073	(1,282,789)	23,006,932
Fundraising	1,540,506	-	-	1,540,506
Management and general	2,593,949	-	-	2,593,949
Total Expenses	<u>26,510,103</u>	<u>1,914,073</u>	<u>(1,282,789)</u>	<u>27,141,387</u>
CHANGE IN NET ASSETS	812,116	(446,159)	-	365,957
EQUITY ADJUSTMENT TO LLC INVESTMENT	(446,159)	-	446,159	-
NET ASSETS, BEGINNING OF YEAR	<u>21,955,706</u>	<u>6,756,422</u>	<u>(6,756,422)</u>	<u>21,955,706</u>
NET ASSETS, END OF YEAR	<u>\$ 22,321,663</u>	<u>\$ 6,310,263</u>	<u>\$ (6,310,263)</u>	<u>\$ 22,321,663</u>

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

DOWNTOWN WOMEN'S CENTER

**SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	DWC	LLC	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ 812,116	\$ (446,159)	\$ 365,957
Adjustments to reconcile change in net assets to cash from operating activities:			
Stock donations received	(39,825)	-	(39,825)
Unrealized gain on investments	(522,520)	-	(522,520)
Forgiveness of loan	-	(172,500)	(172,500)
Transfer of San Pedro rental revenue	(1,282,789)	1,282,789	-
Depreciation and amortization	210,337	630,943	841,280
Amortization of operating lease right-of-use assets	41,156	-	41,156
Changes in operating assets and liabilities:			
Accounts receivable	(657,645)	(28,861)	(686,506)
Promises to give	(876,371)	-	(876,371)
Prepays and other assets	(81,502)	-	(81,502)
Accounts payable and accruals	1,308,380	200	1,308,580
Operating lease liabilities	(29,746)	-	(29,746)
Net Cash Provided By (Used In) Operating Activities	(1,118,409)	1,266,412	148,003
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of investments	868,782	-	868,782
Purchases of investments	(912,928)	-	(912,928)
Purchase of property and equipment	(148,348)	-	(148,348)
San Pedro Street Home funding	913,151	(913,151)	-
Net Cash Provided By (Used In) Investing Activities	720,657	(913,151)	(192,494)
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(397,752)	353,261	(44,491)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR	2,825,951	1,310,583	4,136,534
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	\$ 2,428,199	\$ 1,663,844	\$ 4,092,043

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

DOWNTOWN WOMEN'S CENTER

**SINGLE ASSET REPORT – SCHEDULES OF OPERATING REVENUE
SAN PEDRO STREET HOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

		2023	2022
Schedule of Operating Revenues			
Rent Revenue			
5120	Rent Revenue - Gross Potential	\$ 273,356	\$ 250,450
5121	Tenant Assistance Payments	1,084,533	936,386
5140	Rent Revenue - Stores & Commercial	-	-
5170	Rent Revenue - Garage & Parking	-	-
5180	Flexible Subsidy Revenue	-	-
5190	Miscellaneous Rent Revenue	-	-
	Miscellaneous - Rent receivable deemed uncollectible	-	-
5100T	Total Rent Revenue	1,357,889	1,186,836
Vacancies			
5220	Apartments	-	-
5240	Stores & Commercial	-	-
5250	Rental Concessions	75,100	250,450
5270	Garage & Parking Spaces	-	-
5290	Miscellaneous - Rent receivable deemed uncollectible	-	-
5200T	Total Vacancies	75,100	250,450
5152N	Net Rental Revenue (Rent Revenue Less Vacancies)	1,282,789	936,386
Financial Revenue			
5410	Financial Revenue-Projects Operations	-	-
5430	Revenue from Investments-Residual Receipts	-	-
5440	Revenue from Investments-Replacement Reserves	-	-
5490	Revenue from Investments-Miscellaneous	-	-
5400T	Total Financial Revenue	-	-
Other Revenue			
5910	Laundry & Vending Revenue	-	-
5920	Tenant Charges	-	-
5990	Miscellaneous Revenue	-	-
5900T	Total Other Revenue	-	-
5000T	Total Revenue	\$ 1,282,789	\$ 936,386

See Independent Auditors' Report

DOWNTOWN WOMEN'S CENTER

**SINGLE ASSET REPORT – SCHEDULES OF OPERATING EXPENSES
SAN PEDRO STREET HOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

		2023	2022
Schedule of Operating Expenses			
Administrative Expenses			
6203	Conventions and Meetings	\$ -	\$ -
6204	Management Consultants	1,924	-
6210	Advertising and Marketing	-	-
6250	Other Renting Expenses	-	-
6310	Office Salaries	75,836	79,649
6311	Office Expense	6,828	5,413
6312	Office or Model Apartment Rent	-	-
6320	Management Fee	-	-
6330	Manager or Superintendent Salaries	427,619	374,742
6331	Administrative Rent Free Unit	-	-
6340	Legal Expense - Project	5,576	-
6350	Audit Expense	1,452	-
6351	Bookkeeping Fees/Accounting Services	-	-
6370	Bad Debts	3	-
6390	Miscellaneous Administrative Expenses	-	-
	6390-10 Description: Technology	6,048	15,291
	6390-20 Description: Consulting	-	342
	6390-30 Description: Staff Travel and Meals	404	391
	6390-40 Description: Cable Service	865	778
	6390-50 Description: Mileage and Parking	975	630
	6390-60 Description: Staff Development	2,805	3,586
	6390-70 Description: Dues and Subscriptions	196	2,946
6263T	Total Administrative Expenses	530,532	483,768
 Utilities Expenses			
6450	Electricity	192,364	167,763
6451	Water	-	-
6452	Gas	12,773	5,772
6453	Sewer	-	-
6400T	Total Utilities Expenses	205,137	173,535

See Independent Auditors' Report

DOWNTOWN WOMEN'S CENTER

**SINGLE ASSET REPORT – SCHEDULES OF OPERATING EXPENSES
SAN PEDRO STREET HOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Continued)**

		<u>2023</u>	<u>2022</u>
Schedule of Operating Expenses			
Operating And Maintenance Expenses			
6510	Payroll	115,908	109,975
6515	Supplies	26,600	27,208
6520	Contracts	14,277	-
6521	Operating and Maintenance Rent Free Unit	-	-
6525	Garbage and Trash Removal	33,335	9,188
6530	Security Payroll/Contracts	235,455	31,195
6531	Security Rent Free Unit	-	-
6546	Heating/Cooling Repairs and Maintenance	-	-
6548	Snow Removal	-	-
6570	Vehicle and Maintenance Equipment Operation and Repairs	-	-
6580	Lease Expense	-	-
6590	Miscellaneous Operations and Maintenance Expenses	<u>103,405</u>	<u>42,671</u>
6500T	Total Operating and Maintenance Expenses	<u>528,980</u>	<u>220,237</u>
Taxes and Insurance			
6710	Real Estate Taxes	-	-
6711	Payroll Taxes	32,922	41,210
6720	Property and Liability Insurance	6,594	5,716
6721	Fidelity Bond Insurance	-	-
6722	Workmen's Compensation	6,711	12,334
6723	Health Insurance and Other Benefits	54,267	58,125
6790	Miscellaneous. Taxes, Licenses, Permits, and Insurance	-	19
6700T	Total Taxes and Insurance Expenses	<u>100,494</u>	<u>117,404</u>

See Independent Auditors' Report

DOWNTOWN WOMEN'S CENTER

**SINGLE ASSET REPORT – SCHEDULES OF OPERATING EXPENSES
SAN PEDRO STREET HOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Continued)**

	2023	2022
Schedule of Operating Expenses		
Nursing Homes/Assisted Living/Board and Care/ Other Elderly Expenses 6930-6990	-	-
6900T il Nursing Home/Assisted Living/Board and Care/other Elderly Expenses	-	-
6000 Total Cost of Operations before Depreciation	1,365,144	994,944
Financial Expenses		
6820 Interest on Mortgage Payable	33,538	33,538
6825 Interest on Other Mortgages	-	-
6890 Miscellaneous Financial Expenses	-	-
6891 Replacement Reserve Deposit	61,200	61,200
6892 Transition Reserve Deposit	-	-
6800T Total Financial Expenses	94,738	94,738
	-	-
5060T Operating Loss before Depreciation	(177,092)	(153,296)
Depreciation and Amortization Expenses		
6600 Depreciation Expense	648,706	630,944
6610 Amortization Expense	-	-
5060N Operating Loss	(825,798)	(784,240)
Net Entity Expenses		
7142 Interest on Mortgage Payable	-	-
7190 Other Expenses	-	-
7190-010 Description: Asset Management Fee	-	-
7190-020 Amount:	-	-
7190-010 Description: Partnership Management Fee	-	-
7190-020 Amount:	-	-
7100T Total Net Entity Expenses	-	-
3250 Change in Total Net Assets from Operations (Net Loss)	\$ (825,798)	\$ (784,240)

See Independent Auditors' Report

DOWNTOWN WOMEN'S CENTER

**SINGLE ASSET REPORT – RESERVES FOR REPLACEMENTS AND OPERATING EXPENSES
SAN PEDRO STREET HOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Replacement Reserve Account				Tenant Security Deposits		
	San Pedro Street Home Operating Reserve	San Pedro Street Home	Los Angeles Street Home	San Pedro Street Home Transition Reserve Account	Other Reserve	San Pedro Street Home	Los Angeles Street Home
	LLC 1032	INC 1035	INC 1042	LLC 1030		LLC 2255	INC 2250
Annual Required Deposits	\$ -	\$ 61,200	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Balance -							
January 1, 2023	\$ 169,825	\$ 677,070	\$ 28,839	\$ 1,027,900	\$ -	\$ 2,850	\$ 1,850
Actual Deposits	-	61,200	-	-	-	-	-
Security Deposits Received	-	-	-	-	-	350	400
Interest Earned	1,680	7,280	44	10,848	-	-	-
	<u>171,505</u>	<u>745,550</u>	<u>28,883</u>	<u>1,038,748</u>	<u>-</u>	<u>3,200</u>	<u>2,250</u>
Withdrawals	-	-	-	(10,848)	-	-	-
Bank Charges	-	-	-	-	-	-	-
Other Debits/Reductions	-	-	-	-	-	-	-
Security Deposits Returned	-	-	-	-	-	(150)	(650)
Security Deposits Deducted	-	-	-	-	-	-	-
Interest Paid Upon Move-Out	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,848)</u>	<u>-</u>	<u>(150)</u>	<u>(650)</u>
Ending Balance -							
December 31, 2023	\$ <u>171,505</u>	\$ <u>745,550</u>	\$ <u>28,883</u>	\$ <u>1,027,900</u>	\$ <u>-</u>	\$ <u>3,050</u>	\$ <u>1,600</u>

See Independent Auditors' Report

DOWNTOWN WOMEN'S CENTER

**SINGLE ASSET REPORT – COMPUTATION OF OPERATING CASH FLOW/SURPLUS CASH
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

Operating Cash Flow/Surplus Cash Computations - per HCD/CalHFA

Regulatory Agreements

Operating Cash Flow/ Surplus Cash will be distributed according to the HCD Method

	2023	2022
Operating income		
Total income	\$ 1,282,789	\$ 936,386
Interest earned on restricted reserve accounts	(19,807)	(1,016)
Adjusted operating income	1,262,982	935,370
Operating expenses	(1,554,620)	(1,184,420)
Adjusted net income	(291,638)	(249,050)
Other activity		
Interest on mortgage payable	(33,538)	(33,538)
Replacement reserve deposit	(61,200)	(61,200)
Transition reserve deposit	-	-
Total other activity	(94,738)	(94,738)
Operating cash flow/surplus cash	(386,376)	(343,788)
Distributions and loan payments:		
50% to HCD MHP loan	-	-
50% split and paid as follows per Regulatory Agreement:		
54% to HCD MHP loan	-	-
32% to City of Los Angeles Housing Department	-	-
14% to Community Development Commission of the County of LA	-	-
	-	-
	-	-
Total distributions to owner and lenders	\$ -	\$ -