

WINGS Program, Inc.

Consolidated Financial Statements for the Years Ended
June 30, 2017 and 2016

{ Financial Statements }

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WINGS Program, Inc.

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For the Years Ended June 30, 2017 and 2016

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Independent Auditor's Report

To the Board of Directors
WINGS Program, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of WINGS Program, Inc. (WINGS Program) and its subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2017 and 2016 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of WINGS Program, Inc. as of June 30, 2017 and 2016 and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
WINGS Program, Inc.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2017 on our consideration of WINGS Program, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WINGS Program, Inc.'s internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 18, 2017

Consolidated Statements of Financial Position Follow

WINGS Program, Inc.
Comparative Consolidated Statements of Financial Position
As of June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,767,164	\$ 2,334,926
Investments	-	108,232
Construction Escrow	-	77,776
Contracts Receivable	375,102	335,926
Prepaid Expenses	135,910	118,709
Other Current Assets	36,027	41,388
Assets Held for Sale	79,000	458,906
Total Current Assets	<u>2,393,203</u>	<u>3,475,863</u>
 Fixed Assets at Net Book Value	 <u>13,705,680</u>	 <u>13,854,466</u>
 Other Assets		
Restricted Investments	3,684,127	3,230,291
Restricted Cash	118,959	143,959
IHDA Escrow	202,296	201,644
Security Deposit	31,312	34,383
Emergency Fund Receivables	3,692	-
Loan Receivable-NMTC	3,993,345	3,993,345
Timeshare Membership - Net of Amortization	3,383	3,424
Cash Held for Others	261,131	125,374
Total Other Assets	<u>8,298,245</u>	<u>7,732,420</u>
 TOTAL ASSETS	 <u>\$ 24,397,128</u>	 <u>\$ 25,062,749</u>

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

WINGS Program, Inc.
Comparative Consolidated Statements of Financial Position
As of June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
LIABILITIES & NET ASSETS		
Liabilities		
Current Liabilities		
Current Portion Long Term Liabilities	\$ 73,014	\$ 69,918
Accounts Payable	168,009	91,227
Accrued Vacation	118,217	93,349
Construction Draw s Payable	-	302,933
Retention Payable	-	345,084
Deferred Revenue	76,636	84,333
Deferred Rent	16,403	18,629
Accrued Payroll	30,890	11,924
Cash Held for Others	261,131	125,374
Other Current Liabilities	50,667	73,032
Total Current Liabilities	<u>794,967</u>	<u>1,215,803</u>
Long Term Liabilities		
Mortgage Loans Payable	1,606,341	1,665,163
Less Current Portion	(73,014)	(69,918)
Construction Loan Payable	3,210,345	3,510,345
QLICI Notes Payable	5,000,000	5,000,000
Less Unamortized Debt Issuance Costs	(360,294)	(423,629)
Deferred Grant Revenue	1,429,934	1,572,538
Total Long Term Liabilities	<u>10,813,312</u>	<u>11,254,499</u>
Total Liabilities	<u>11,608,279</u>	<u>12,470,302</u>
Net Assets		
Unrestricted Net Assets	7,029,902	7,047,120
Unrestricted Board Designated Net Assets	198,374	214,629
Unrestricted Non-controlling Interest	(7,283)	4,504
Temporarily Restricted Net Assets	3,008,769	2,767,107
Permanently Restricted Net Assets	2,559,087	2,559,087
Total Net Assets	<u>12,788,849</u>	<u>12,592,447</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 24,397,128</u>	<u>\$ 25,062,749</u>

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

WINGS Program, Inc.
Consolidated Statement of Activities
For the Year Ended June 30, 2017

Income	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
Government Contracts				
FEMA	\$ 83,415	\$ -	\$ -	\$ 83,415
Department of Justice OVAW	103,003	-	-	103,003
Townships and Municipalities	81,599	-	-	81,599
City of Chicago	473,857	-	-	473,857
Cook County CDBG	23,054	-	-	23,054
HUD-SHP	443,490	-	-	443,490
State of IL - Attorney General	9,000	-	-	9,000
State of IL - DHS	312,848	-	-	312,848
State of IL - ICADV	69,276	-	-	69,276
State of IL - ICJIA	33,614	-	-	33,614
Total Government Contracts	1,633,156	-	-	1,633,156
Other Revenues				
United Way	103,965	-	-	103,965
Contributions	1,111,657	703,397	-	1,815,054
Program Service Fees	112,390	-	-	112,390
Special Event Income (Net of Direct Costs of \$329,076)	1,225,573	166,505	-	1,392,078
In-Kind Contributions	210,458	-	-	210,458
Resale Gross Income (Net of Direct Costs of \$1,065,019)	280,027	-	-	280,027
Total Other Revenues	3,044,070	869,902	-	3,913,972
Other Income				
Miscellaneous	20	-	-	20
NCH Partnership	22,400	-	-	22,400
Investment Income	42,379	323	-	42,702
Loss on Assets Held for Sale and Fixed Assets	(37,831)	-	-	(37,831)
Total Other Income	26,968	323	-	27,291
Released from Restriction	1,082,400	(1,082,400)	-	-
Total Income	5,786,594	(212,175)	-	5,574,419
Expenses				
Program Expenses				
Safehouse	1,278,438	-	-	1,278,438
Safehouse at WINGS Metro	1,373,155	-	-	1,373,155
Transitional Housing	1,411,126	-	-	1,411,126
Permanent Supportive Housing	293,054	-	-	293,054
Community Based Services	273,909	-	-	273,909
Total Program Expenses	4,629,682	-	-	4,629,682
Administrative	550,053	-	-	550,053
Development	640,876	-	-	640,876
Total Functional Expenses	5,820,611	-	-	5,820,611
Change in Net Assets Before Non-Operating				
Investment Activity	(34,017)	(212,175)	-	(246,192)
Investment Income (Loss)				
Interest and Dividends	-	104,870	-	104,870
Less: Investment Fees	-	(21,409)	-	(21,409)
Realized and Unrealized (Loss) Gain on Investments	(11,243)	370,376	-	359,133
Total Net Investment Income, Net	(11,243)	453,837	-	442,594
Change in Net Assets	(45,260)	241,662	-	196,402
Change in Net Assets Attributable to				
Noncontrolling Interest	(11,787)	-	-	(11,787)
Change in Net Assets Attributable to WINGS Program, Inc.				
and WM Initiatives LLC	(33,473)	241,662	-	208,189
Beginning Net Assets	7,266,253	2,767,107	2,559,087	12,592,447
Ending Net Assets	\$ 7,220,993	\$ 3,008,769	\$ 2,559,087	\$ 12,788,849

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

WINGS Program, Inc.
Consolidated Statement of Activities
For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
Income				
Government Contracts				
FEMA	\$ 59,688	\$ -	\$ -	\$ 59,688
Department of Justice OVAW	98,019	-	-	98,019
Townships and Municipalities	67,486	-	-	67,486
City of Chicago	163,386	-	-	163,386
Cook County CDBG	29,511	-	-	29,511
HUD-SHP	477,493	-	-	477,493
State of IL - Attorney General	9,000	-	-	9,000
State of IL - DHS	243,665	-	-	243,665
State of IL - ESG	66,400	-	-	66,400
Total Government Contracts	1,214,648	-	-	1,214,648
Other Revenues				
United Way	106,554	-	-	106,554
Contributions	1,038,173	1,105,986	-	2,144,159
Program Service Fees	110,059	-	-	110,059
Special Event Income (Net of Direct Costs of \$336,163)	1,135,866	150,000	-	1,285,866
In-Kind Contributions	202,993	-	-	202,993
Resale Gross Income (Net of Direct Costs of \$1,021,623)	126,429	-	-	126,429
Total Other Revenues	2,720,074	1,255,986	-	3,976,060
Other Income				
Miscellaneous	623	-	-	623
Item Sales Gross Income	220	1,300	-	1,520
NCH Partnership	22,400	-	-	22,400
Investment Income	11,746	367	-	12,113
Management Fee	6,713	-	-	6,713
Net Gain on Fixed Assets	181,160	-	-	181,160
Total Other Income	222,862	1,667	-	224,529
Released from Restriction	1,642,905	(1,642,905)	-	-
Total Income	5,800,489	(385,252)	-	5,415,237
Expenses				
Program Expenses				
Safehouse	1,174,797	-	-	1,174,797
Safehouse at WINGS Metro	617,129	-	-	617,129
Transitional Housing	1,351,561	-	-	1,351,561
Permanent Supportive Housing	273,368	-	-	273,368
Community Based Services	283,771	-	-	283,771
Total Program Expenses	3,700,626	-	-	3,700,626
Administrative	447,425	-	-	447,425
Development	718,918	-	-	718,918
Total Functional Expenses	4,866,969	-	-	4,866,969
Change in Net Assets Before Non-Operating				
Investment Activity	933,520	(385,252)	-	548,268
Investment Income (Loss)				
Interest and Dividends	-	64,367	-	64,367
Less: Investment Fees	-	(24,062)	-	(24,062)
Realized and Unrealized Loss on Investments	-	(213,262)	-	(213,262)
Total Net Investment Income, Net	-	(172,957)	-	(172,957)
Change in Net Assets	933,520	(558,209)	-	375,311
Change in Net Assets Attributable to				
Noncontrolling Interest	(3,954)	-	-	(3,954)
Change in Net Assets Attributable to WINGS Program, Inc.				
and WM Initiatives LLC	937,474	(558,209)	-	379,265
Beginning Net Assets	6,332,733	3,325,316	2,559,087	12,217,136
Ending Net Assets	\$ 7,266,253	\$ 2,767,107	\$ 2,559,087	\$ 12,592,447

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

WINGS Program, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2017

	Safehouse Services	Safehouse Services WM	Transitional Services	Community Based Svcs	Permanent Housing	Total Program	Administrative	Development	Total Functional Expenses	Direct Costs of Special Events and Resale	Total Expenses
Personnel											
Salaries & Wages	\$ 630,526	\$ 457,205	\$ 453,720	\$ 174,545	\$ 76,590	\$ 1,792,586	\$ 317,620	\$ 362,673	\$ 2,472,879	\$ 529,964	\$ 3,002,843
Payroll Taxes	46,589	34,024	33,245	12,952	5,436	132,246	23,135	27,345	182,726	39,491	222,217
Health Insurance	31,400	26,059	36,603	1,683	6,218	101,963	10,883	8,860	121,706	23,026	144,732
Workers Compensation	8,834	6,520	6,553	2,257	1,231	25,395	4,302	5,161	34,858	20,875	55,733
Other Personnel Costs	12,905	11,810	21,225	5,220	3,660	54,820	38,916	17,598	111,334	19,370	130,704
Total Personnel	730,254	535,618	551,346	196,657	93,135	2,107,010	394,856	421,637	2,923,503	632,726	3,556,229
Program Expense											
Food Expense	9,962	19,954	4,667	-	-	34,583	-	-	34,583	-	34,583
Rent Expense	-	(17,681)	170,533	-	104,990	257,842	-	-	257,842	-	257,842
Other Program Expense	68,533	61,253	151,371	4,960	5,711	291,828	-	100	291,928	-	291,928
Total Program	78,495	63,526	326,571	4,960	110,701	584,253	-	100	584,353	-	584,353
Operations Expense											
Audit	-	-	-	-	-	-	30,000	-	30,000	-	30,000
Bank Fees	6,334	16	7,007	1,343	1,439	16,139	1,479	19,809	37,427	104	37,531
Periodicals	43	34	29	8	3	117	142	137	396	47	443
Consultants	2,033	10,436	16,567	4,596	4,429	38,061	2,247	23,396	63,704	32,148	95,852
Equipment	8,423	6,861	7,783	1,136	711	24,914	1,619	5,356	31,889	1,178	33,067
Equipment Rental	3,609	2,888	11,377	157	119	18,150	461	512	19,123	694	19,817
Directors & Officers Insurance	-	-	-	-	-	-	-	-	-	-	-
Technology	16,869	11,976	14,288	4,153	1,618	48,904	23,096	31,486	103,486	25,926	129,412
Legal & Accounting	-	25,158	-	-	-	25,158	10,234	-	35,392	-	35,392
Licenses & Fees	456	4,059	813	50	2,534	7,912	1,518	82	9,512	1,166	10,678
Meetings & Food	46	70	120	39	16	291	8,709	2,978	11,978	1,365	13,343
Memberships & Dues	3,015	130	1,323	45	44	4,557	1,639	1,703	7,899	161	8,060
Mileage & Travel Expense	2,952	2,848	14,560	1,659	1,847	23,866	1,527	10,148	35,541	3,655	39,196
Supplies	15,159	16,720	5,654	1,174	489	39,196	4,043	3,964	47,203	28,003	75,206
Postage	122	183	17	-	-	322	4,304	49	4,675	-	4,675
Printing	1,843	436	2,260	1,239	418	6,196	1,085	13,328	20,609	2,639	23,248
Miscellaneous	-	894	-	-	-	894	500	-	1,394	-	1,394
Vehicles	1,467	-	6,713	27	2,693	10,900	100	1,959	12,959	21,424	34,383
Project Expenses	-	-	-	-	-	-	-	-	-	-	-
Total Operations	62,371	82,709	88,511	15,626	16,360	265,577	92,703	114,907	473,187	118,510	591,697
Development Expenses											
Special Events Expenses	-	-	-	-	-	-	-	-	-	329,076	329,076
Online Store Expense	-	-	-	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	100	100	7,918	8,018
Appeal Expense	-	-	-	-	-	-	-	14,342	14,342	-	14,342
Marketing	18	-	-	856	-	874	-	2,828	3,702	-	3,702
Sales Tax	-	-	-	-	-	-	-	-	-	111,305	111,305
Community Relations	-	-	93	77	-	170	694	23,268	24,132	199	24,331
Total Development	18	-	93	933	-	1,044	694	40,538	42,276	448,498	490,774
Occupancy Expenses											
Utilities	58,804	55,382	67,296	5,599	15,970	203,051	9,429	9,120	221,600	26,072	247,672
Telephone	7,721	3,018	17,883	2,515	1,483	32,620	3,050	4,493	40,163	5,265	45,428
Mortgage Interest	21,441	246,162	13,490	2,250	801	284,144	3,749	4,816	292,709	11,586	304,295
Rent	152,430	-	168,386	35,749	34,971	391,536	-	19,470	411,006	96,872	507,878
Insurance	17,051	16,274	19,255	873	3,786	57,239	10,524	917	68,680	7,255	75,935
Repairs & Maintenance	94,716	41,417	102,001	5,710	8,596	252,440	30,568	11,103	294,111	17,043	311,154
Depreciation & Amortization	55,137	329,049	56,294	3,037	7,251	450,768	4,480	13,775	469,023	30,268	499,291
Total Occupancy	407,300	691,302	444,605	55,733	72,858	1,671,798	61,800	63,694	1,797,292	194,361	1,991,653
Total Functional Expenses	\$ 1,278,438	\$ 1,373,155	\$ 1,411,126	\$ 273,909	\$ 293,054	\$ 4,629,682	\$ 550,053	\$ 640,876	\$ 5,820,611	\$ 1,394,095	\$ 7,214,706

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

WINGS Program, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2016

	Safehouse Services	Safehouse Services WM	Transitional Services	Community Based Svcs	Permanent Housing	Total Program	Administrative	Development	Total Functional Expenses	Direct Costs of Special Events and Resale	Total Expenses
Personnel											
Salaries & Wages	\$ 582,889	\$ 248,610	\$ 487,205	\$ 192,368	\$ 71,301	\$ 1,582,373	\$ 270,952	\$ 336,192	\$ 2,189,517	536,213	\$ 2,725,730
Payroll Taxes	42,920	18,396	35,856	14,195	5,153	116,520	19,969	24,951	161,440	39,020	200,460
Health Insurance	29,820	7,210	39,278	385	4,846	81,539	6,160	12,406	100,105	24,451	124,556
Workers Compensation	7,855	2,808	7,300	2,153	1,022	21,138	3,813	4,556	29,507	20,685	50,192
Other Personnel Costs	9,538	29,241	12,621	4,501	2,888	58,789	7,547	16,241	82,577	9,943	92,520
Total Personnel	673,022	306,265	582,260	213,602	85,210	1,860,359	308,441	394,346	2,563,146	630,312	3,193,458
Program Expense											
Food Expense	14,135	4,220	8,815	-	-	27,170	-	-	27,170	-	27,170
Rent Expense	-	11,358	157,128	-	107,040	275,526	-	-	275,526	-	275,526
Other Program Expenses	72,774	3,507	141,119	90	2,718	220,208	-	5	220,213	-	220,213
Total Program	86,909	19,085	307,062	90	109,758	522,904	-	5	522,909	-	522,909
Operations Expense											
Audit	-	-	-	-	-	-	34,050	-	34,050	-	34,050
Bank Fees	5,342	102	6,109	1,273	1,230	14,056	658	37,494	52,208	69	52,277
Periodicals	23	-	18	6	2	49	296	167	512	134	646
Consultants	412	33,811	1,457	129	235	36,044	2,882	66,049	104,975	30,602	135,577
Equipment	7,731	16,053	9,021	161	173	33,139	1,035	809	34,983	166	35,149
Equipment Rental	3,672	444	11,378	159	114	15,767	463	567	16,797	4,617	21,414
Directors & Officers Insurance	-	-	-	-	-	-	4,094	-	4,094	-	4,094
Technology	17,259	4,166	15,811	5,767	1,192	44,195	17,649	13,455	75,299	26,250	101,549
Licenses & Fees	558	395	614	243	3,336	5,146	684	17	5,847	(2,840)	3,007
Meetings & Food	145	358	168	85	32	788	6,359	3,854	11,001	1,041	12,042
Memberships & Dues	5,305	98	1,423	77	58	6,961	1,121	3,065	11,147	217	11,364
Mileage & Travel Expense	4,068	2,118	16,689	2,734	1,661	27,270	1,418	14,373	43,061	4,637	47,698
Supplies	14,824	6,502	5,776	1,119	522	28,743	1,049	6,404	36,196	22,037	58,233
Postage	82	85	(16)	5	2	158	3,922	1,302	5,382	4	5,386
Printing	1,405	370	1,534	1,109	268	4,686	2,274	10,432	17,392	1,336	18,728
Miscellaneous	-	606	-	-	-	606	-	-	606	-	606
Vehicles	1,572	-	6,749	26	2,587	10,934	96	2,873	13,903	22,806	36,709
Project Expenses	-	-	-	-	-	-	-	3,025	3,025	-	3,025
Total Operations	62,398	65,108	76,731	12,893	11,412	228,542	78,050	163,886	470,478	111,076	581,554
Development Expenses											
Special Events Expenses	-	-	-	-	-	-	-	-	-	336,163	336,163
Advertising	-	-	-	-	-	-	-	5,108	5,108	7,413	12,521
Appeal Expense	-	-	-	-	-	-	-	23,726	23,726	-	23,726
Marketing	-	-	-	-	-	-	-	10,097	10,097	825	10,922
Sales Tax	-	-	-	-	-	-	-	2	2	89,778	89,780
Community Relations	-	-	-	32	-	32	125	56,682	56,839	1,669	58,508
Total Development	-	-	-	32	-	32	125	95,615	95,772	435,848	531,620
Occupancy Expenses											
Utilities	51,295	10,195	60,138	5,474	16,102	143,204	10,542	8,815	162,561	23,836	186,397
Telephone	12,934	2,625	20,118	3,014	1,516	40,207	3,975	3,871	48,053	5,191	53,244
Mortgage Interest	22,863	45,369	14,042	2,508	840	85,622	4,017	5,726	95,365	10,976	106,341
Rent	140,375	-	162,304	38,390	32,686	373,755	-	18,480	392,235	94,039	486,274
Insurance	13,546	9,865	15,892	984	3,287	43,574	7,972	1,660	53,206	5,760	58,966
Repairs & Maintenance	58,945	14,969	57,449	3,610	5,270	140,243	30,072	9,131	179,446	14,754	194,200
Depreciation & Amortization	52,510	143,648	55,565	3,174	7,287	262,184	4,231	17,383	283,798	25,994	309,792
Total Occupancy	352,468	226,671	385,508	57,154	66,988	1,088,789	60,809	65,066	1,214,664	180,550	1,395,214
Total Functional Expenses	\$ 1,174,797	\$ 617,129	\$ 1,351,561	\$ 283,771	\$ 273,368	\$ 3,700,626	\$ 447,425	\$ 718,918	\$ 4,866,969	1,357,786	\$ 6,224,755

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

WINGS Program, Inc.
Comparative Consolidated Statement of Cash Flows
For the Years Ended June 30, 2017 and June 30, 2016

	<u>2017</u>	<u>2016</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 196,402	\$ 375,311
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	499,291	290,920
Amortization of debt issuance costs	63,335	18,872
Imputed interest expense	9,557	9,969
Realized gain on investments	(383,570)	(35,892)
Unrealized loss on investments	24,437	249,154
Realized loss (gain) on disposition of assets held for sale and fixed assets	37,831	(181,160)
Changes in current assets and liabilities		
Decrease (increase) in contracts receivable	(39,176)	(187,309)
Decrease (increase) in promises to give	-	100,000
Decrease (increase) in prepaid expenses	(17,201)	(17,765)
Decrease (increase) in other current assets	5,361	55,928
Decrease (increase) in other assets	(136,990)	(115,549)
Increase (decrease) in accounts payable	76,782	(16,331)
Increase (decrease) in deferred revenue	(150,301)	916,664
Increase (decrease) in other current liabilities	155,001	146,775
Net cash provided by operating activities	<u>340,759</u>	<u>1,609,587</u>
INVESTING ACTIVITIES		
Decrease in Construction Escrow	77,776	285,752
Purchase of marketable securities	(3,718,786)	(1,412,746)
Proceeds on sale of marketable securities	3,732,315	1,264,210
Issuance of loan receivable - NTMC	-	(3,993,345)
Purchase of fixed assets	(997,050)	(5,749,154)
Proceeds on sale of fixed assets	340,603	184,270
Net cash used by investing activities	<u>(565,142)</u>	<u>(9,421,013)</u>
FINANCING ACTIVITIES		
NMTC loan proceeds received	-	5,000,000
NMTC closing costs incurred	-	(414,986)
Construction loan (payments) proceeds - net	(300,000)	3,510,345
Repayments on debt - mortgage loans	(68,379)	(66,440)
Use (Funding) of restricted cash - reserve account	25,000	(143,959)
Net cash (used) provided by financing activities	<u>(343,379)</u>	<u>7,884,960</u>
Net Cash and Cash Equivalents (Decrease) Increase for Year	<u>(567,762)</u>	<u>73,534</u>
Cash and Cash Equivalents, Beginning of Year	<u>2,334,926</u>	<u>2,261,392</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,767,164</u>	<u>\$ 2,334,926</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	<u>\$ 239,347</u>	<u>\$ 97,544</u>
Net change in fixed asset expenditures in construction payables	<u>\$ 648,017</u>	<u>\$ 1,706,203</u>

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

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

WINGS Program, Inc. (WINGS) provides housing and supportive services, some through community based services, for families who are fleeing the devastating effects of domestic violence, the major cause of homelessness among women and children. Supportive services provided include counseling, job training, skills for living and children focused services, all designed to promote financial and emotional independence. WINGS received 33% and 40% of its total revenues from contributions and 29% and 22% of its total revenues from government contracts for the years ended June 30, 2017 and 2016, respectively. The remainder of WINGS' revenue is from special events, resale, United Way, program fees and investment income.

On July 3, 2014, WINGS Metro, LLC (the LLC) was formed for the purpose of constructing and redeveloping the property located at 3501-3519 West 63rd Street, in the Chicago Lawn neighborhood on the southwest side of Chicago (the "Redevelopment Project").

The Redevelopment Project was completed in February 2016. The property is leased by the LLC to a related party and is operated as a mixed-use facility (the "Project") consisting of four basic components:

1. The Shelter – a 40-bed supportive housing facility with 24-hour staff to provide support services for women in need
2. Stage 2 Housing – three units of rental housing for residents leaving the Shelter or similarly situated individuals and families
3. Office Space – offices for counseling and other social services to serve the current and former residents of the Shelter and similarly situated individuals.
4. Retail Space – commercial retail space of approximately 4,630 square-feet to support operations of the Shelter and the Stage 2 Housing

The LLC consists of two members – WINGS Program, Inc. and GSDC DV, LLC (the "Manager"); the members have a 95% and 5% interest in the LLC, respectively. Profits and losses, after compensation of the Manager, will generally be allocated based the membership interest percentages.

On July 23, 2014, WM Initiatives LLC (WMI) was formed for the purpose of operating a domestic shelter and extended stay housing in the building being constructed and managed by the LLC. The LLC ("landlord") entered into a lease with WM Initiatives LLC ("Lessee") on April 8, 2015. The Lessee is a related party as it is wholly owned by Wings Program, Inc., a member of the LLC. The lease is for the Shelter, Stage 2 Housing, and Office Space of the Project as discussed above. The initial term commenced on February 14, 2016 continues for a period of ten years thereafter. Base rent for the lease period shall equal the Lessor's debt service for the premises plus the Lessee's share of operating expenses less the total amount of rent (base rent and operating expenses) due from the Retail Space tenants as discussed in Note 1.

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation

The consolidated financial statements include the accounts of WINGS and the LLCs (collectively the “Organizations”). All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements of WINGS have been prepared on the accrual basis of accounting and reflect all significant receivables, payables and other liabilities.

The net assets of WINGS are classified as follows:

Unrestricted - Represent the portion of expendable net assets that are available for operations. Contributed net assets that relate to fixed assets are also recorded as unrestricted at the time of their receipt.

Temporarily Restricted - Represent contributed net assets for which donor-imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted.

Permanently Restricted - Represent contributed net assets that require, by donor restriction, that the corpus be invested in perpetuity and only the revenue be made available for program operations in accordance with donor restrictions, if any.

Estimates

The process of preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, WINGS considers its checking, unrestricted money market, and petty cash to be cash and cash equivalents.

Restricted Cash/Cash Held for Others

The LLC, under the terms of its loan agreements disclosed in Note 9, has agreed to maintain a restricted cash balance to cover quarterly management fees. Cash held for others represents cash held for a similarly focused newly formed nonprofit organization. WINGS serves as a fiscal agent for this new nonprofit and pays program expenses on behalf of the organization.

Investments

Investments are reported at their fair values in the statements of financial position. Donated investments are recorded at the fair value as of the date of contribution. Changes in unrealized gains and losses are included in the accompanying statements of activities.

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contracts Receivable

WINGS has receivables from government contracts that arise in the normal course of business. It is the policy of management to review the outstanding contracts receivable at year-end as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. In 2017 and 2016, there was no allowance recorded.

Loan Receivable

Loan receivable is stated at unpaid principal balances less an allowance for loan losses. Interest is recognized over the term of the loan and is calculated using the simple interest method. Management considers a note impaired when, based on current information or factors (such as payment history, value of collateral, and assessment of the customer's current credit worthiness), it is probable that the principal and interest payments will not be collected according to the loan agreement. Management does not consider its loan receivable to be impaired.

The carrying amount of loan receivable would be reduced by an allowance for loan losses if management, based on its evaluation of the collectability of the loan receivable, including the nature of the loan, economic conditions, and other risks inherent in the loan receivable, deems all or a portion of the loan receivable to be uncollectible. Management believes the loan receivable is fully collectible as of June 30, 2017 and 2016.

Fixed Assets

Fixed assets are carried at cost for current additions, if purchased, or at fair value, if contributed. Depreciation is computed on the straight-line method over 5 to 40 years for improvements; 40 years for buildings; 5 to 20 years for computer equipment and furniture and office equipment; and five years for vehicles. Maintenance, repairs and minor renewals are expensed as incurred. When fixed assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited or charged to operations.

Time-Share Membership

Time Share-Membership reflects the fair value of a donated time-share unit, which is being amortized using the straight-line method over the finite life of the use of the time-share unit, which is 100 years.

Deferred Loan Costs and Amortization

Deferred loan costs are amortized over the life of the loan using the straight-line method. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing costs. However, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method.

As of July 1, 2016, the Organizations retroactively adopted the requirements in ASU No. 2015-03 (Subtopic 835-30), *Simplifying the Presentation of Debt Issuance Costs*, to present debt issuance costs as a reduction of the carrying amount of the related debt rather than as an asset. Long term debt was previously reported with the associated unamortized debt issuance

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

costs of \$400,165 and \$23,464 described as Deferred NMTC Loan Costs – Net of Amortization and Deferred Loan Costs – Net of Amortization, respectively, on the statement of financial position. The total deferred loan costs of \$423,629 is now reported as a contra account to the debt in other liabilities. The 2016 Statement of Financial Position has been restated to reflect this presentation.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Government Contracts

WINGS enters into contracts with certain governmental and private agencies. Revenue under these contracts is recognized when earned. The activities of WINGS relating to certain contracts are subject to review or audit by the responsible governmental agency to determine compliance with award documents and may be subject to possible adjustments based on negotiations with the funding agencies. WINGS has not provided allowances in the consolidated financial statements for potential adjustments since such amounts, if any, are not expected to be significant.

Imputed Interest

WINGS entered into a noninterest-bearing note payable with the Illinois Housing Development Authority (IHDA). In the year that the loan was issued, interest was imputed at the effective rate resulting in temporarily restricted contribution revenue. Each year, as the interest expense is recognized, the corresponding amount of temporarily restricted revenue is released to unrestricted revenue. WINGS determined its rate for valuation purposes as a rate at which it can obtain financing of a similar nature from other sources at the date of the transaction. The difference between the present value and the face amount of the note payable shall be treated as a discount and amortized as interest expense over the life of the note in such a way as to result in a constant rate of interest when applied to the amount outstanding at the beginning of any given period. The rate remains unchanged throughout the term of the respective note.

Taxes Collected from Customers

WINGS collects sales tax from its customers that is remitted to the state governmental authority when due. WINGS' policy is to record sales tax collected from customers as a component of resale income on the statement of activities, with the corresponding expense as a component of direct resale costs on that same statement. For the years ended June 30, 2017 and 2016, sales tax amounted to \$111,305 and \$89,780, respectively.

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Not-For-Profit: WINGS is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, WINGS qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under IRC Section 509(a)(1).

WINGS Metro, LLC: The LLC is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the LLC. Members are taxed individually on their pro-rata ownership share of the LLC's earnings. The LLC's net income or loss is allocated among the members in accordance with the LLC's operating agreement.

WM Initiatives LLC: WMI is a single member LLC which is treated as a disregarded entity for income tax purposes. Therefore, no provision or benefit for income taxes is included in these financial statements since taxable income or loss passes through to, and is reportable by, the Member individually.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by WINGS and recognize a tax liability if WINGS has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the organization, and has concluded that as of June 30, 2017 and 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements.

Impairment of Long-Lived Assets

The Organizations review long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable, but not less than annually. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Endowments

U.S. GAAP addresses the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA was enacted in Illinois effective June 30, 2009. A key component of UPMIFA is a requirement to clarify the portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure.

Functional Allocation of Expenses

In the statements of functional expenses, expenses are first charged to the various programs and supporting services on the basis of actual expense. Expenses are then allocated based on various criteria, such as relative program salaries and/or service units provided. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Upcoming Accounting Pronouncement – Not-for Profit Entities Financial Reporting Model

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* in August, 2016. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow FASB not-for-profit rules, including changing from three classes of net assets to two classes, net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Organizations, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Organizations' year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Organizations are currently gathering the appropriate information to implement these disclosure changes in a timely manner. Management expects an impact to the classification of net assets and an enhancement of disclosures about liquidity, including qualitative and quantitative information.

Upcoming Accounting Pronouncement – Revenue Recognition

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Organizations' year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. Management is reviewing current revenue streams to determine the standard's effect on the consolidated financial statements.

Upcoming Accounting Pronouncement - Leases

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right of use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease related expenses in the statements of operations and cash flows will be generally consistent with the current guidance.

The lease new guidance will be effective for the Organization's year ending June 30, 2021 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have a significant effect on the Organization's financial statements as a result of the leases for the retail store locations classified as operating leases. The effect of applying the new lease guidance is expected to increase long-term assets, increase short-term and long-term liabilities, and either increase or decrease net assets.

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including September 18, 2017, which is the date the consolidated financial statements were issued.

NOTE 2 – COMMITMENTS AND CONTINGENCIES

Not-For-Profit

WINGS enters into contracts for space for its events in advance. As of June 30, 2017, WINGS is liable for \$58,533 in the event of cancellation of one of its upcoming events, while as of June 30, 2016, WINGS was liable for \$60,455.

WINGS Metro, LLC

The LLC has grants and land awarded by the City of Chicago and the Chicago Low-Income Housing Trust Fund that are contingent on the LLC's ability to maintain compliance with applicable provisions defined in the grant and regulatory agreements.

City of Chicago Department of Planning and Development ("DPD")

The total amount of the construction grant awarded by DPD was in the amount of \$1,226,016, of which has been funded to the LLC. There are certain construction benchmark requirements to receive funds as defined by the Construction Grant Agreement.

The grant requires that in the event of default, the full amount of the grant not forgiven under the terms of the agreement shall be immediately recoverable by the City. A portion of the grant, \$600,000, shall be forgiven on the first day of the 5th anniversary of the construction completion date (completion date is considered to be February 14, 2016.) The remainder of the grant shall be forgiven upon the first day of the 10th anniversary of the construction completion date, provided that no event of default has occurred pursuant to the grant documents. The LLC believes that the potential of default is remote.

Grant income recognized related to the DPD grant was \$122,604 and \$45,976 for the years ended June 30, 2017 and June 30, 2016, respectively. Deferred grant revenue related to the DPD grant is \$1,057,436 and \$1,180,040 at June 30, 2017 and 2016, respectively.

Chicago Low-Income Housing Trust Fund ("CLIHTF")

The total amount of the construction grant awarded by CLIHTF was in the amount of \$400,000, of which has been funded to the LLC.

Provided that no event of default has occurred as defined by the grant documents and regulatory agreement, beginning on the 1st anniversary after the completion date, and annually thereafter during the project term, the LLC shall be deemed to have earned a portion of the grant in an amount equal to \$20,000 each year. Any portion of the grant not forgiven shall be recapturable on the expiration of the project term as defined in the grant agreement.

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 2 – COMMITMENTS AND CONTINGENCIES (Continued)

Grant income recognized related to the CLIHTF grant was \$20,000 and \$7,502 for the years ended June 30, 2017 and 2016, respectively. Deferred grant revenue related to the CLIHTF grant is \$372,498 and \$392,498 at June 30, 2017 and 2016, respectively.

The LLC recorded the receipt of all grant funds as of June 30, 2016, which totaled \$1,626,016, as deferred revenue until the commencement of operations of the facility began on February 14, 2016. The LLC is recognizing the grant income on a straight-line basis over the terms of each grant.

City of Chicago Donated Land

Land was donated to the LLC from the City of Chicago on April 1, 2015, with the understanding that the Redevelopment Project and the Project would operate in accordance with all related City agreements and grants executed and entered into by the City, the LLC, and the LLC's members.

It was determined at the time of the donation that the estimated fair value of the land was \$170,000. The LLC recorded the land at its fair value at the time of transfer in the accompanying financial statements as a donation revenue. The land was reconveyed back to the City of Chicago as collateral until the forgiveness period of the grants awarded expire; however, the LLC believes that recording the land as an asset of the LLC is appropriate at June 30, 2017 and 2016 due to the likelihood of noncompliance and default of the grant agreements being remote.

NOTE 3 – CONCENTRATION OF CREDIT RISK

WINGS maintains the majority of its cash at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2017, WINGS' uninsured cash balance totaled \$914,427 and as of June 30, 2016, WINGS' uninsured cash balance totaled \$782,584.

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 4 – FAIR VALUE

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. U.S. GAAP describes three approaches to measuring the fair value of assets and liabilities: the market approach, the income approach and the cost approach. Each approach includes multiple valuation techniques. The topic does not prescribe which valuation technique should be used when measuring fair value, but does establish a fair value hierarchy that prioritizes the inputs used in applying the various techniques. Inputs broadly refer to the assumptions that market participants use to make pricing decisions including assumptions about risk. Level 1 inputs are given the highest priority in the hierarchy while Level 3 inputs are given the lowest priority. Financial assets and liabilities carried at fair value are classified in one of the following three categories based on the inputs to the valuation technique used:

- Level 1 - Observable inputs that reflect unadjusted quoted prices for identical assets or liabilities in active markets as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 - Unobservable inputs that are not corroborated by market data. These inputs reflect management's best estimate of fair value using its own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The following table sets forth by level, within the fair value hierarchy, WINGS' financial assets that were accounted for at fair value as of June 30, 2017 and 2016. As required by U.S. GAAP, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. WINGS' assessment of the significance of a particular input to the fair value measurement requires judgment and may affect their placement within the fair value hierarchy levels.

WINGS' policy is to recognize transfers in and out of Level 1, 2, and 3 fair value classifications as of the beginning of the reporting period. There were no transfers in 2017 or 2016.

Level 1 includes mutual funds, structured securities and marketable equity funds for which quoted market prices are available in an active market.

Level 2 includes equity funds and structured securities represented by observable market inputs or unobservable inputs that are corroborated by market data.

WINGS currently uses no Level 3 inputs.

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 4 – FAIR VALUE (Continued)

Description	Fair Value Measurements as of Reporting Date Using:			
	Fair Values as of June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Mutual Funds				
US Fixed Income	630,606	630,606	-	-
International Bonds	194,811	194,811	-	-
Emerging Market Bonds	103,553	103,553	-	-
High Yield Bonds	50,805	50,805	-	-
Convertible Bonds	42,263	42,263	-	-
Preferred Securities	41,515	41,515	-	-
Equities				
US Large Cap	869,217	869,217	-	-
US Mid Cap	246,568	246,568	-	-
US Small Cap	174,834	174,834	-	-
Emerging Market	402,799	402,799	-	-
Global	409,674	409,674	-	-
Real Estate	132,718	132,718	-	-
Alternatives	372,230	372,230	-	-
Total Investments	<u>3,671,593</u>	<u>3,671,593</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,671,593</u>	<u>\$ 3,671,593</u>	<u>\$ -</u>	<u>\$ -</u>

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 4 – FAIR VALUE (Continued)

Description	Fair Value Measurements as of Reporting Date Using:			
	Fair Values as of June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Investments				
Mutual Funds				
US Fixed Income	688,553	688,553	-	-
Equities				
US Large Cap	1,176,727	1,176,727	-	-
US Mid Cap	141,024	141,024	-	-
EAFE	686,221	628,561	57,660	-
European Large Cap	28,743	28,743	-	-
European Small Cap	108,232	108,232	-	-
Japanese Large Cap	46,710	46,710	-	-
Global	324,032	324,032	-	-
Total Investments	<u>3,200,242</u>	<u>3,142,582</u>	<u>57,660</u>	<u>-</u>
Total	<u>\$ 3,200,242</u>	<u>\$ 3,142,582</u>	<u>\$ 57,660</u>	<u>\$ -</u>

Not included in the above tables is \$12,534 and \$138,281 of money market funds as of June 30, 2017 and 2016, respectively. WINGS considers money market funds held in brokerage accounts to be comparable to cash, which can be used to buy or sell investments in marketable equity securities or fixed income securities.

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 5 – FIXED ASSETS

The cost of WINGS' fixed assets as of June 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Land	\$ 1,041,644	\$ 1,041,644
WINGS Metro, LLC Land and Improvements	383,743	362,993
Buildings and Improvements	13,482,723	13,297,572
Furniture and Fixtures	417,428	359,003
Computer and Software	196,408	183,013
Vehicles	67,601	108,601
Construction in Progress	<u>5,500</u>	<u>9,019</u>
	15,595,047	15,361,845
Less Accumulated Depreciation	<u>1,889,367</u>	<u>1,507,379</u>
Net Book Value	<u>\$ 13,705,680</u>	<u>\$ 13,854,466</u>

Depreciation expense for June 30, 2017 and 2016 was \$499,291 and \$290,920, respectively.

The LLC entered into a construction contract with a general contractor for the Redevelopment Project as discussed in Note 1. The costs to complete the project total \$8,569,659. At June 30, 2017, all related project costs have been recorded in the accompanying statement of financial position and are paid in full. The LLC had construction draws payable of \$302,933, and retention payable of \$345,084 at June 30, 2016.

NOTE 6 – LINE OF CREDIT

On September 20, 2012, WINGS entered into a secured revolving line of credit agreement with JPMorgan Chase Bank N.A. to expire on October 1, 2013. The line of credit is not to exceed \$250,000 and bears an interest rate of 4.75 percent. It was renewed until October 1, 2017. The loan is collateralized by the mortgage and assignment of all rents of real property located in Park Ridge, Rolling Meadows and Barrington. As of June 30, 2017 and June 30, 2016, the outstanding balance was \$0. Management has the intention to renew its line of credit with similar terms upon expiration.

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 7 – MORTGAGE LOANS PAYABLE

Mortgage loans payable as of June 30, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
IHDA mortgage loan dated March 1, 2003 for \$468,000; \$100 payable monthly with no interest; due on January 31, 2034; secured by the building at 7920 Niles Avenue, Skokie, Illinois. The mortgage agreement requires an escrow reserve for a working capital reserve.	Amount due \$ 453,100 Imputed interest, 5.75% <u>(266,585)</u> Present value 186,515	\$ 454,300 <u>(276,141)</u> 178,159
On August 25, 2014, WINGS received property at 7000 Plumtree Lane, Hanover Park, Illinois with a loan attached. The property needs to be operated in compliance with the Neighborhood Stabilization Program until December 16, 2026 at which time the entire loan will be forgiven.	179,227	179,227
On August 25, 2014, WINGS received property at 1623 McKool Avenue, Streamwood, Illinois with a loan attached. The property Needs to be operated in compliance with the Neighborhood Stabilization Program until December 15, 2025 at which time the entire loan will be forgiven.	149,752	149,752
JPMorgan Chase Bank NA mortgage loan dated September 20, 2012 for \$500,000, \$3,909.86 payable monthly including interest at 3.2%; due on October 1, 2022; secured by property at 1445 Hicks Road, Rolling Meadows, Illinois, 1910 West Touhy Avenue, ParkRidge, Illinois and 156 North Hager Avenue, Barrington, Illinois.*	381,385	409,242
JPMorgan Chase Bank NA mortgage loan dated April 4, 2013 for \$500,000; \$3,952.96 payable monthly including interest at 4.93%; Due on April 1, 2023; secured by property at 5104 Tollview Drive, Suite B, Rolling Meadows, Illinois.*	396,109	423,009
JPMorgan Chase Bank NA mortgage loan dated July 28, 2014 for \$350,000; \$1888.11 payable monthly including interest at a variable rate. Due on August 1, 2019; secured by property at 1265 Oakton, Elk Grove, Illinois.*	<u>313,353</u>	<u>325,774</u>
Total Mortgage Loans Payable	<u>\$ 1,606,341</u>	<u>\$ 1,665,163</u>

* Denotes that the loan agreement is subject to certain financial covenants related to debt service coverage ratio.

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 7 – MORTGAGE LOANS PAYABLE (Continued)

Maturities of the mortgage loans are as follows:

2018	73,014
2019	76,289
2020	347,176
2021	67,699
2022	71,041
2023 and thereafter	<u>1,237,707</u>
Total mortgages	1,872,926
Interest factor	<u>(266,585)</u>
	<u><u>1,606,341</u></u>

For the years ended June 30, 2017 and 2016, WINGS paid interest for all mortgage loans payable and the line of credit in Note 6 in the amount of \$49,832 and \$51,771, respectively. The remainder was imputed interest expense related to the interest-free notes.

NOTE 8 – CONSTRUCTION LOAN PAYABLE

The LLC entered into a \$4,000,000 construction loan with its lender on April 8, 2015. The promissory note allowed advances to be taken under the note from the date of commencement through April 15, 2017 (the “Draw Period”). On April 24, 2017, the LLC renegotiated the construction loan into a new promissory note with the lender. The note extended the Draw Period to October 15, 2017. Total draws amounted to \$3,510,345 as of June 30, 2016. No additional amounts were drawn in 2017. The note requires principal only payments of \$300,000 on or before April 15, 2017, \$300,000 on or before July 15, 2017, and \$600,000 on or before October 15, 2017. Then beginning on November 15, 2017, monthly principal and interest payments of approximately \$46,000 will be required through the maturity date of April 15, 2022, at which time any and all principal and interest will be due. The interest rate of the note is LIBOR plus 2.47% (effective rate of 3.64% and 2.92% at June 30, 2017 and 2016, respectively) and the note is collateralized by substantially all of the assets of the LLC. WINGS Program, Inc. is the guarantor on the note. \$111,632 and \$44,604 of interest was expensed as a period cost for the years ended June 30, 2017 and June 30, 2016, respectively.

Maturity of the construction loan is as follows:

2018	1,222,932
2019	496,657
2020	511,762
2021	527,326
2022	<u>451,668</u>
Total loan payable	3,210,345
Less unamortized debt issuance costs	<u>(19,413)</u>
	<u><u>3,190,932</u></u>

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 9 – NEW MARKET TAX CREDIT PROGRAM AND FINANCING

The New Market Tax Credit (NMTC) Program was designed to stimulate investment and economic growth in low income communities by offering taxpayers a 39% tax credit against federal income taxes over a 7-year period for Qualified Equity Investments (QEI's) in designated Community Development Entities (CDE's). The CDE's received NMTC allocations pursuant to Section 45D of the Internal Revenue Code. These designated CDE's must use substantially all of the proceeds to make Qualified Low Income Community Investments (QLICI's). To earn the tax credit, the QEI must remain invested in the CDE for a 7-year period. Also, the entity receiving the loans needs to be treated as a Qualified Active Low Income Community Business (QALICB) for the duration of the 7-year period. The QALICB requirements are outlined in Treasury Regulation Section 1.45D-1(d)(4)(i).

On March 31, 2016, the LLC entered into a debt transaction to access additional funds through the NMTC program. The LLC, as the QALICB in this transaction, received \$5,000,000 in the form of two QLICI loans from PNBI Subsidiary CDE11, LLC (a Sub-CDE of the Tax Credit Investor, US Bank National Association). These funds were used for the construction of the Redevelopment Project as discussed in Note 1.

PNBI QLICI Loan A, in the amount of \$3,993,345, requires quarterly interest-only payments of \$13,964 through June 30, 2022, with quarterly principal and interest payments of \$38,681 thereafter, through the maturity date of March 30, 2046. Interest is at a fixed rate of 1.39%, and interest expense as of June 30, 2017 and 2016 was \$55,856 and \$14,120, respectively.

PNBI QLICI Loan B, in the amount of \$1,006,655, requires quarterly interest-only payments of \$3,520 through June 30, 2022, with quarterly principal and interest payments of \$9,750 thereafter, through the maturity date of March 30, 2046. Interest is at a fixed rate of 1.39%, and interest expense as of June 30, 2017 and 2016 was \$14,083 and \$3,560, respectively.

Unamortized debt issuance costs related to the loans amounted to \$340,881 and \$400,165 as of June 30, 2017 and 2016, respectively.

The transaction is subject to a put/call option. US Bank National Association, the Tax Credit Investor (TCI), has a put option whereby upon exercise of the option after the last day of the tax credit investment period, the LLC is obligated to purchase the TCI's 100% interest in USBCDC Investment Fund 150, LLC, the state investment fund and CDE, for \$1,000. At the end of the 7-year tax credit investment period, the LLC has the call option whereby if exercised, they have the right to purchase the TCI's 100% membership interest in USBCDC Investment Fund 150, LLC, at fair value.

As part of the NMTC program, WINGS Program, Inc. finalized an agreement on March 31, 2016 to lend \$3,993,345 to USBCDC Investment Fund 150 LLC, wholly owned by U.S. Bank. The loan receivable balance was \$3,993,345 as of June 30, 2017 and 2016. The loan bears interest at 1.00% and is payable in quarterly installments of interest, with the balance due on March 30, 2046.

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

The following items are considered temporarily restricted as of June 30, 2017 and 2016 due to either use or time restrictions:

	<u>2017</u>	<u>2016</u>
McCabe House	\$ 170,160	\$ 351,114
Restricted to Programs	978,622	869,922
Fire Relief Fund	151,798	151,798
Endowment Earnings - Purpose Restricted	1,347,795	893,958
Capital Campaign	95,010	225,374
Imputed Interest	<u>265,384</u>	<u>274,941</u>
Net Book Value	<u>\$ 3,008,769</u>	<u>\$ 2,767,107</u>

NOTE 11 – PERMANENTLY RESTRICTED NET ASSETS

Fixed Assets

WINGS previously received several contributions of property valued at \$222,750.

Endowment

The portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation is \$2,336,337.

NOTE 12 – ENDOWMENT

WINGS' endowment consists of five donor-restricted individual funds established to ensure the future of WINGS. As required by U.S. GAAP, these funds are classified and reported as permanently restricted based on the existence of these restrictions.

The Board of Directors of WINGS has interpreted the State of Illinois' UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, WINGS classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment and (2) the original value of subsequent gifts to the permanent endowment. The portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by WINGS in a manner consistent with the standard of prudence prescribed by UPMIFA.

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 12 – ENDOWMENT (Continued)

In accordance with UPMIFA, WINGS considers the following factors, among others, in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) the duration and preservation of the fund
- (2) the purpose of the organization and donor-restricted endowment fund
- (3) general economic conditions
- (4) the possible effect of inflation and deflation
- (5) the expected total return from income and the appreciation of investments
- (6) other resources of WINGS
- (7) the investment policies of WINGS.

Return Objectives and Risk Parameters: The investment objective of the endowment assets is to ensure that the future growth of these assets is sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the endowment for future generations. It is expected that the endowment funds, over time, will provide an average rate of return of approximately 5% annually above the Consumer Price Index (CPI). Actual returns in any given year may vary from this amount.

Spending Policy and Relationship with Investment Objectives: It is the agency's policy to have available for annual discretionary distribution 5% of a trailing three-year or five-year average of the endowment's total asset value, with the understanding that this spending rate plus inflation will not normally exceed total return from investment. There were no appropriations in 2017 or 2016.

Strategies Employed for Achieving Objectives: WINGS has established investment policies, guidelines and restrictions that serve as a framework to help the endowment and its investment managers achieve the investment objectives at an acceptable level of risk. The general policy is to diversify investments among equity securities and fixed-income securities to provide a balance that will enhance total return while avoiding undue risk from concentration in any single asset class or investment category.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires to be retained as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$0 as of June 30, 2017 and 2016. These deficiencies resulted from unfavorable market price fluctuations over the course of the respective investment periods.

Information regarding the endowment net assets as of June 30, 2017 and 2016 and changes in endowment net assets for the years then ended follows.

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 12 – ENDOWMENT (Continued)

Endowment Net Assets as of June 30, 2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-designated endowment funds	\$ -	\$ 1,347,795	\$ 2,336,337	\$ 3,684,132
Changes in Endowment Net Assets Year Ended June 30, 2017				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 893,958	\$ 2,336,337	\$ 3,230,295
Appropriated	-	-	-	-
Investment return				
Investment income	-	104,870	-	104,870
Investment expense	-	(21,409)	-	(21,409)
Net appreciation (realized and unrealized)	-	370,376	-	370,376
	-	453,837	-	453,837
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,347,795</u>	<u>\$ 2,336,337</u>	<u>\$ 3,684,132</u>

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 12 – ENDOWMENT (Continued)

	Endowment Net Assets as of June 30, 2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-designated endowment funds	\$ -	\$ 893,958	\$ 2,336,337	\$ 3,230,295
Changes in Endowment Net Assets Year Ended June 30, 2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 1,066,915	\$ 2,336,337	\$ 3,403,252
Appropriated	-	-	-	-
Investment return				
Investment income	-	64,367	-	64,367
Investment expense	-	(24,062)	-	(24,062)
Net appreciation (realized and unrealized)	-	(213,262)	-	(213,262)
	-	(172,957)	-	(172,957)
Endowment net assets, end of year	\$ -	\$ 893,958	\$ 2,336,337	\$ 3,230,295

NOTE 13 – DONATED PROPERTY AND EQUIPMENT, MATERIALS, SERVICES AND FACILITIES

In-kind donations of materials are recorded at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Conditional transfers of assets are recognized when the conditions upon which they depend are substantially met. During the years ended June 30, 2017 and 2016, WINGS received in-kind donations of \$118,151 and \$99,220, respectively, and donations of gift certificates of \$4,406 and \$14,329, respectively.

Donations of services are recorded if they create or enhance a nonfinancial asset or are specialized skills that would be purchased if they were not donated. WINGS received 48,187 and 43,943 hours of volunteer time in the years ended June 30, 2017 and 2016, respectively. While some of this time was from professional services, the value of all such services is not estimable. The majority of the donated services are not considered specialized or as enhancements to a nonfinancial asset and thus are not recorded in the consolidated financial statements. During the years ended June 30, 2017 and 2016, WINGS recorded donated services of \$46,405 and \$39,557, respectively.

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 13 – DONATED PROPERTY AND EQUIPMENT, MATERIALS, SERVICES AND FACILITIES
(Continued)

Donations of use of facilities are recorded at their fair value. Such donations are reported as unrestricted support. During the years ended June 30, 2017 and 2016, WINGS received donated use of facilities valued at \$41,497 and \$46,388, respectively.

NOTE 14 – LEASE OBLIGATION AND RENT EXPENSE

In June 2014, WINGS entered into an operating lease agreement effective September 26, 2014 for the resale store at 300 West Golf Road, Schaumburg, Illinois for five years. On April 3, 2017 and amendment was signed adding space and extending the lease for two and a half more years. Monthly rent expense is \$12,622, plus an annually determined amount for common area costs as well as real estate taxes.

In December 2014, WINGS extended its operating lease agreement effective June 1, 2015 for the resale store at 8349 West Golf Road, Niles, Illinois for five years. Monthly rent expense is \$8,947, plus an annually determined amount for common area costs as well as real estate taxes.

In March 2015, WINGS entered into an operating lease agreement effective June 1, 2015 for the resale store at 1302 North Rand Road, Prospect Heights, Illinois for five years. Monthly rent expense is \$6,895, plus an annually determined amount for common area costs as well as real estate taxes.

There are numerous one-year operating leases for program residences as of June 30, 2017. These are funded under contracts with the U.S. Department of Housing and Urban Development as well as collaborations with other community agencies.

Rent expense on long-term leases for the years ended June 30, 2017 and 2016 was \$507,878 and \$486,276, respectively, which included the cost of donated facilities. (See Note 13.) Rent expense on program residence leases was \$475,583 and \$345,857 for the years ended June 30, 2017 and 2016, respectively.

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 14 – LEASE OBLIGATION AND RENT EXPENSE (Continued)

The estimated future minimum rent and lease obligation for the succeeding years under noncancelable operating leases for office facilities in effect as of June 30, 2017 are as follows:

<u>Year Ending June 30</u>	<u>Rent</u>
2018	\$ 522,664
2019	355,268
2020	355,160
2021	281,826
2022	124,355
	<u>1,639,273</u>

NOTE 15 – RETIREMENT PLANS

WINGS has established a 403(b) plan that allows eligible employees to defer payment of taxes on a portion of their salary by making contributions to the plan through payroll deductions. At the discretion of the Board of Directors, WINGS may make a matching contribution. No employer contributions were made for the years ended June 30, 2017 and 2016.

NOTE 16 – SPECIAL EVENTS

Revenues and expenses from development projects are shown at the gross amounts in the statements of activities. Gross revenue and expense for each event for the years ended June 30, 2017 and 2016 are as follows:

	2017		
	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Sweet Home Chicago	\$ 1,007,852	\$ 68,347	\$ 939,505
Purple Tie Ball	338,686	110,825	227,861
WINGS in Chicago	131,513	33,637	97,876
Miscellaneous	243,103	116,267	126,836
Total	<u>\$ 1,721,154</u>	<u>\$ 329,076</u>	<u>\$ 1,392,078</u>

	2016		
	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Sweet Home Chicago	\$ 972,037	\$ 71,918	\$ 900,119
Purple Tie Ball	216,927	100,351	116,576
WINGS in Chicago	189,370	44,140	145,230
Miscellaneous	243,695	119,754	123,941
Total	<u>\$ 1,622,029</u>	<u>\$ 336,163</u>	<u>\$ 1,285,866</u>

As of June 30, 2017 and 2016, special events revenue of \$166,505 and \$150,000, respectively, was restricted at the events by donors for specified programs and/or projects.

WINGS Program, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and 2016

NOTE 17 – GRANTS FROM TOWNSHIPS AND MUNICIPALITIES

Grants from townships and municipalities for the years ended June 30 consist of the following:

<u>Grantor</u>	<u>2017</u>	<u>2016</u>
City of Des Plaines	\$ 8,447	\$ 2,490
Elk Grove Township	1,500	750
Hanover Township	6,710	10,000
Maine Township	1,125	6,750
Niles Township	5,000	-
Northfield Township	2,750	4,000
Schaumburg Township	10,333	10,000
Village of Arlington Heights	7,225	4,345
Village of Hanover Park	5,000	-
Village of Mt Prospect	9,533	10,966
Village of Palatine	8,000	3,160
Village of Schaumburg	5,625	4,675
Wheeling Township	10,351	10,350
Total	<u>\$ 81,599</u>	<u>\$ 67,486</u>

NOTE 18 – RELATED PARTY TRANSACTIONS

Property Management Agreement

The LLC entered into an agreement with GSDC DV, LLC, one of its members, to be the manager of the Project's property, which includes, but is not limited to, the management, operations, leasing supervision, repairs and maintenance, and financing of the property. The amount paid to GSDC DV, LLC for the year ended June 30, 2017 and 2016 was \$0.

Additional Information

Independent Auditor's Report on Additional Information

To the Board of Directors
WINGS Program, Inc.

We have audited the consolidated financial statements of WINGS Program, Inc. as of and for the years ended June 30, 2017 and 2016 and have issued our report thereon dated September 18, 2017, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The June 30, 2017 consolidating statements of financial position and consolidating statements of activities for the years ended June 30, 2017 and 2016 are presented for the purpose 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Plante & Moran, PLLC

September 18, 2017

WINGS Program, Inc.
Consolidating Statements of Financial Position
As of June 30, 2017 (with comparative totals for June 30, 2016)

	WINGS Program, Inc. and WM Initiatives LLC			WINGS Metro, LLC	Eliminating Entries	Total				
						2017	2016			
ASSETS										
Current Assets										
Cash and Cash Equivalents	\$	1,751,082	\$	16,082	\$	-	\$	1,767,164	\$	2,334,926
Investments		-		-		-		-		108,232
Construction Escrow		-		-		-		-		77,776
Contracts Receivable		375,102		-		-		375,102		335,926
Prepaid Expenses		135,910		-		-		135,910		118,709
Other Current Assets		36,027		-		-		36,027		41,388
Assets Held for Sale		79,000		-		-		79,000		458,906
Total Current Assets		2,377,121		16,082		-		2,393,203		3,475,863
Fixed Assets at Net Book Value		5,331,185		8,874,495		(500,000)		13,705,680		13,854,466
Other Assets										
Restricted Investments		3,684,127		-		-		3,684,127		3,230,291
Restricted Cash		-		118,959		-		118,959		143,959
Investment in WINGS Metro, LLC.		(639,697)		-		639,697		-		-
IHDA Escrow		202,296		-		-		202,296		201,644
Security Deposit		31,312		-		-		31,312		34,383
Emergency Fund Receivables		3,692		-		-		3,692		-
Loan Receivable - NMTC		3,993,345		-		-		3,993,345		3,993,345
Deferred NMTC Closing Costs		-		-		-		-		-
Developer Fees Receivable		500,000		-		(500,000)		-		-
Timeshare Membership - Net of Amortization		3,383		-		-		3,383		3,424
Cash Held for Others		261,131		-		-		261,131		125,374
Total Other Assets		8,039,589		118,959		139,697		8,298,245		7,732,420
TOTAL ASSETS	\$	15,747,895	\$	9,009,536	\$	(360,303)	\$	24,397,128	\$	25,062,749

WINGS Program, Inc.
Consolidating Statements of Financial Position
As of June 30, 2017 (with comparative totals for June 30, 2016)

	WINGS Program, Inc. and WM Initiatives LLC			Total	
	WINGS Metro, LLC	Eliminating Entries	2017	2016	
LIABILITIES & NET ASSETS					
Liabilities					
Current Liabilities					
Current Portion Long Term Liabilities	\$ 73,014	\$ -	\$ -	\$ 73,014	\$ 69,918
Accounts Payable	168,009	-	-	168,009	91,227
Accrued Vacation	118,217	-	-	118,217	93,349
Construction Draw s Payable	-	-	-	-	302,933
Retention Payable	-	-	-	-	345,084
Deferred Revenue	76,636	-	-	76,636	84,333
Deferred Rent	16,403	-	-	16,403	18,629
Accrued Payroll	30,890	-	-	30,890	11,924
Cash Held for Others	261,131	-	-	261,131	125,374
Other Current Liabilities	35,759	14,908	-	50,667	73,032
Total Current Liabilities	780,059	14,908	-	794,967	1,215,803
Long Term Liabilities					
Mortgage Loans Payable	1,606,341	-	-	1,606,341	1,665,163
Less Current Portion	(73,014)	-	-	(73,014)	(69,918)
Construction Loan Payable	-	3,210,345	-	3,210,345	3,510,345
QLICI Notes Payable	-	5,000,000	-	5,000,000	5,000,000
Less Unamortized Debt Issuance Costs	-	(360,294)	-	(360,294)	(423,629)
Other Long Term Payables	-	500,000	(500,000)	-	-
Deferred Grant Revenue	-	1,429,934	-	1,429,934	1,572,538
Total Long Term Liabilities	1,533,327	9,779,985	(500,000)	10,813,312	11,254,499
Total Liabilities	2,313,386	9,794,893	(500,000)	11,608,279	12,470,302
Net Assets					
Unrestricted Net Assets	7,668,279	(145,660)	(492,717)	7,029,902	7,047,120
Unrestricted Board Designated Net Assets	198,374	-	-	198,374	214,629
Unrestricted Non-controlling Interest	-	-	(7,283)	(7,283)	4,504
Temporarily Restricted Net Assets	3,008,769	-	-	3,008,769	2,767,107
Permanently Restricted Net Assets	2,559,087	-	-	2,559,087	2,559,087
Total Net Assets	13,434,509	(145,660)	(500,000)	12,788,849	12,592,447
TOTAL LIABILITIES AND NET ASSETS	\$ 15,747,895	\$ 9,649,233	\$ (1,000,000)	\$ 24,397,128	\$ 25,062,749

WINGS Program, Inc.
Consolidating Statement of Activities
For the Year Ended June 30, 2017

	WINGS Program, Inc.				WINGS Metro, LLC	Eliminations	Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets			
Income							
Government Contracts							
FEMA	\$ 83,415	\$ -	\$ -	\$ 83,415	\$ -	\$ -	\$ 83,415
Department of Justice OVAW	103,003	-	-	103,003	-	-	103,003
Townships and Municipalities	81,599	-	-	81,599	-	-	81,599
City of Chicago	331,253	-	-	331,253	142,604	-	473,857
Cook County CDBG	23,054	-	-	23,054	-	-	23,054
HUD-SHP	443,490	-	-	443,490	-	-	443,490
State of IL - Attorney General	9,000	-	-	9,000	-	-	9,000
State of IL - DHS	312,848	-	-	312,848	-	-	312,848
State of IL - ICADV	69,276	-	-	69,276	-	-	69,276
State of IL - ICJIA	33,614	-	-	33,614	-	-	33,614
Total Government Contracts	1,490,552	-	-	1,490,552	142,604	-	1,633,156
Other Revenues							
United Way	103,965	-	-	103,965	-	-	103,965
Contributions	1,111,657	703,397	-	1,815,054	-	-	1,815,054
Program Service Fees	112,390	-	-	112,390	217,741	(217,741)	112,390
Special Event Income (Net of Direct Costs of \$329,076)	1,225,573	166,505	-	1,392,078	-	-	1,392,078
In-Kind Contributions	210,458	-	-	210,458	-	-	210,458
Resale Gross Income (Net of Direct Costs of \$1,065,019)	280,027	-	-	280,027	-	-	280,027
Total Other Revenues	3,044,070	869,902	-	3,913,972	217,741	(217,741)	3,913,972
Other Income							
Miscellaneous	20	-	-	20	-	-	20
NCH Partnership	22,400	-	-	22,400	-	-	22,400
Investment Income	42,379	323	-	42,702	-	-	42,702
Net Loss on Fixed Assets	(37,831)	-	-	(37,831)	-	-	(37,831)
Total Other Income	26,968	323	-	27,291	-	-	27,291
Released from Restriction	1,082,400	(1,082,400)	-	-	-	-	-
Total Income	5,643,990	(212,175)	-	5,431,815	360,345	(217,741)	5,574,419
Expenses							
Program Expenses							
Safehouse	1,278,438	-	-	1,278,438	-	-	1,278,438
Safehouse at WINGS Metro	994,821	-	-	994,821	596,075	(217,741)	1,373,155
Transitional Housing	1,411,126	-	-	1,411,126	-	-	1,411,126
Permanent Supportive Housing	293,054	-	-	293,054	-	-	293,054
Community Based Services	273,909	-	-	273,909	-	-	273,909
Total Program Expenses	4,251,348	-	-	4,251,348	596,075	(217,741)	4,629,682
Administrative	550,053	-	-	550,053	-	-	550,053
Development	640,876	-	-	640,876	-	-	640,876
Total Functional Expenses	5,442,277	-	-	5,442,277	596,075	(217,741)	5,820,611
Change in Net Assets Before Non-Operating Investment Activity	201,713	(212,175)	-	(10,462)	(235,730)	-	(246,192)
Investment Income (Loss)							
Interest and Dividends	-	104,870	-	104,870	-	-	104,870
Less: Investment Fees	-	(21,409)	-	(21,409)	-	-	(21,409)
Realized and Unrealized (Loss) Gain on Investments	(11,243)	370,376	-	359,133	-	-	359,133
Total Net Investment Income, Net	(11,243)	453,837	-	442,594	-	-	442,594
Change in Net Assets	190,470	241,662	-	432,132	(235,730)	-	196,402
Change in Net Assets Attributable to Non-controlling Interest	-	-	-	-	(11,787)	-	(11,787)
Change in Net Assets Attributable to WINGS Program, Inc. and WM Initiatives LLC	190,470	241,662	-	432,132	(223,943)	-	208,189
Beginning Net Assets	7,676,183	2,767,107	2,559,087	13,002,377	90,070	(500,000)	12,592,447
Ending Net Assets	\$ 7,866,653	\$ 3,008,769	\$ 2,559,087	\$ 13,434,509	\$ (145,660)	\$ (500,000)	\$ 12,788,849

**WINGS Program, Inc.
Consolidating Statement of Activities
For the Year Ended June 30, 2016**

	WINGS Program, Inc. and WM Initiatives LLC				WINGS Metro, LLC	Eliminations	Total
	Unrestricted	Temporarily	Permanently	Total			
		Restricted	Restricted	Net Assets			
Income							
Government Contracts							
FEMA	\$ 59,688	\$ -	\$ -	\$ 59,688	\$ -	\$ -	\$ 59,688
Department of Justice OVAW	98,019	-	-	98,019	-	-	98,019
Townships and Municipalities	67,486	-	-	67,486	-	-	67,486
City of Chicago	109,908	-	-	109,908	53,478	-	163,386
Cook County CDBG	29,511	-	-	29,511	-	-	29,511
HUD-SHP	477,493	-	-	477,493	-	-	477,493
State of IL - Attorney General	9,000	-	-	9,000	-	-	9,000
State of L - DHS	243,665	-	-	243,665	-	-	243,665
State of L - ESG	66,400	-	-	66,400	-	-	66,400
Total Government Contracts	1,161,170	-	-	1,161,170	53,478	-	1,214,648
Other Revenues							
United Way	106,554	-	-	106,554	-	-	106,554
Contributions	1,038,173	1,105,986	-	2,144,159	-	-	2,144,159
Program Service Fees	110,059	-	-	110,059	70,331	(70,331)	110,059
Special Event Income (Net of Direct Costs of \$336,163)	1,135,866	150,000	-	1,285,866	-	-	1,285,866
In-Kind Contributions	202,993	-	-	202,993	-	-	202,993
Resale Gross Income (Net of Direct Costs of \$1,021,623)	126,429	-	-	126,429	-	-	126,429
Total Other Revenues	2,720,074	1,255,986	-	3,976,060	70,331	(70,331)	3,976,060
Other Income							
Miscellaneous	623	-	-	623	-	-	623
Item Sales Gross Income	220	1,300	-	1,520	-	-	1,520
NCH Partnership	22,400	-	-	22,400	-	-	22,400
Investment Income	11,746	367	-	12,113	-	-	12,113
Management Fees	6,713	-	-	6,713	-	-	6,713
Developer Fees	500,000	-	-	500,000	-	(500,000)	-
Net Gain on Fixed Assets	181,160	-	-	181,160	-	-	181,160
Total Other Income	722,862	1,667	-	724,529	-	(500,000)	224,529
Released from Restriction							
	1,642,905	(1,642,905)	-	-	-	-	-
Total Income	6,247,011	(385,252)	-	5,861,759	123,809	(570,331)	5,415,237
Expenses							
Program Expenses							
Safehouse	1,174,797	-	-	1,174,797	-	-	1,174,797
Safehouse at WINGS Metro	484,563	-	-	484,563	202,897	(70,331)	617,129
Transitional Housing	1,351,561	-	-	1,351,561	-	-	1,351,561
Permanent Supportive Housing	273,368	-	-	273,368	-	-	273,368
Community Based Services	283,771	-	-	283,771	-	-	283,771
Total Program Expenses	3,568,060	-	-	3,568,060	202,897	(70,331)	3,700,626
Administrative	447,425	-	-	447,425	-	-	447,425
Development	718,918	-	-	718,918	-	-	718,918
Total Functional Expenses	4,734,403	-	-	4,734,403	202,897	(70,331)	4,866,969
Change in Net Assets Before Non-Operating							
Investment Activity	1,512,608	(385,252)	-	1,127,356	(79,088)	(500,000)	548,268
Investment Income (Loss)							
Interest and Dividends	-	64,367	-	64,367	-	-	64,367
Less: Investment Fees	-	(24,062)	-	(24,062)	-	-	(24,062)
Realized and Unrealized Loss on Investments	-	(213,262)	-	(213,262)	-	-	(213,262)
Total Net Investment Income, Net	-	(172,957)	-	(172,957)	-	-	(172,957)
Change in Net Assets	1,512,608	(558,209)	-	954,399	(79,088)	(500,000)	375,311
Change in Net Assets Attributable to Non-controlling Interest	-	-	-	-	(3,954)	-	(3,954)
Change in Net Assets Attributable to WINGS Program, Inc. and WM Initiatives LLC	1,512,608	(558,209)	-	954,399	(75,134)	(500,000)	379,265
Beginning Net Assets	6,163,575	3,325,316	2,559,087	12,047,978	169,158	-	12,217,136
Ending Net Assets	\$ 7,676,183	\$ 2,767,107	\$ 2,559,087	\$ 13,002,377	\$ 90,070	\$ (500,000)	\$ 12,592,447