
WINGS Program, Inc.

**Consolidated Financial Report
with Additional Information
June 30, 2020**

Independent Auditor's Report	1-2
Consolidated Financial Statements	
Statement of Financial Position	3-4
Statement of Activities	5-6
Statement of Functional Expenses	7-10
Statement of Cash Flows	11
Notes to Consolidated Financial Statements	12-31
Additional Information	32
Independent Auditor's Report on Additional Information	33
Consolidating Statement of Financial Position	34-35
Consolidating Statement of Activities	36-37

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. and its subsidiaries (the "Organizations"), which comprise the consolidated statement of financial position as of June 30, 2020 and 2019 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 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.

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 and 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 audits 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 opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of WINGS Program, Inc. and its subsidiaries as of June 30, 2020 and 2019 and the changes in their net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 23 to the consolidated financial statements, the 2019 consolidated financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

As described in Note 2 to the consolidated financial statements, the Organizations adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

To the Board of Directors
WINGS Program, Inc.

As described in Note 22 to the consolidated financial statements, significant uncertainty exists surrounding the COVID-19 pandemic. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2020 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, 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

October 20, 2020

Consolidated Statement of Financial Position

June 30, 2020 and 2019

	2020	2019 (Restated)
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,875,091	\$ 1,363,624
Contracts receivable	410,486	297,765
Assets held for sale	79,000	79,000
Prepaid expenses and other current assets	256,020	231,224
Total current assets	3,620,597	1,971,613
Other Assets		
Restricted investments	3,336,311	3,370,932
Restricted cash	43,959	68,959
IHDA escrow	211,068	208,855
Security deposit	33,967	34,217
Emergency fund receivables	20,308	12,536
Loan receivable - NMTC	3,993,345	3,993,345
Timeshare membership - Net of amortization	3,261	3,302
Cash held for others	11,632	13,722
Total other assets	7,653,851	7,705,868
Fixed Assets - Net	13,308,714	13,184,929
Total assets	\$ 24,583,162	\$ 22,862,410

Consolidated Statement of Financial Position (Continued)

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u> (Restated)
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 277,773	\$ 138,189
Accrued compensation	260,750	181,519
Current portion of mortgage loans payable	81,687	347,177
Current portion of construction loan payable	110,255	104,600
Deferred revenue	85,600	16,900
Deferred rent	-	2,121
Other current liabilities	97,856	57,222
Cash held for others	<u>11,632</u>	<u>13,722</u>
Total current liabilities	925,553	861,450
Mortgage Loans Payable - Net of current portion	1,362,220	1,142,128
SBA Loan Payable	803,902	-
Notes Payable		
Construction loan payable - Net of current portion	1,798,939	1,888,682
QLICI notes payable	5,000,000	5,000,000
Less unamortized debt issuance costs	<u>(170,290)</u>	<u>(233,625)</u>
Total notes payable	6,628,649	6,655,057
Deferred Grant Revenue	<u>1,002,122</u>	<u>1,144,726</u>
Total liabilities	10,722,446	9,803,361
Net Assets		
Without donor restrictions:		
Undesignated	7,468,563	6,998,473
Noncontrolling interest	(10,716)	(11,735)
Board designated	<u>421,468</u>	<u>121,468</u>
Total without donor restrictions	7,879,315	7,108,206
With donor restrictions	<u>5,981,401</u>	<u>5,950,843</u>
Total net assets	<u>13,860,716</u>	<u>13,059,049</u>
Total liabilities and net assets	<u>\$ 24,583,162</u>	<u>\$ 22,862,410</u>

Consolidated Statement of Activities

Year Ended June 30, 2020

	2020		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Income			
Government Contracts			
FEMA	\$ 73,290	\$ -	\$ 73,290
Department of Justice OVAW	119,798	-	119,798
Cook County CDBG	22,802	-	22,802
Townships and Municipalities	91,103	-	91,103
City of Chicago	490,937	-	490,937
HUD-CEDV	17,345	-	17,345
HUD-SHP	415,994	-	415,994
State of IL - Attorney General	12,413	-	12,413
State of IL - DHS	259,783	-	259,783
State of IL - DCEO	500,000	-	500,000
State of IL - ESG	71,135	-	71,135
State of IL - ICADV	492,353	-	492,353
State of IL - ICJIA	300,427	-	300,427
Total Government Contracts	2,867,380	-	2,867,380
Other Revenues			
United Way	74,525	-	74,525
Contributions	2,578,336	165,650	2,743,986
Program Service Fees	107,448	-	107,448
Special Event Income (Net of Direct Costs of \$196,706)	1,490,002	-	1,490,002
In-Kind Contributions	500,590	-	500,590
Resale Gross Income (Net of Direct Costs of \$1,386,582)	431,942	-	431,942
Total Other Revenues	5,182,843	165,650	5,348,493
Other Income			
Miscellaneous	7,423	-	7,423
NCH Partership	22,573	-	22,573
Interest Income	48,195	122	48,317
Management Fees	2,400	-	2,400
Rental Income	16,183	-	16,183
Total Other Income	96,775	122	96,897
Released from Restriction	122,032	(122,032)	-
Total Income	8,269,030	43,740	8,312,770
Expenses			
Program Expenses			
Safehouse	1,448,562	-	1,448,562
Safehouse at WINGS Metro	1,928,733	-	1,928,733
Transitional Housing	1,642,669	-	1,642,669
Permanent Supportive Housing	291,182	-	291,182
Community Based Services	390,181	-	390,181
Total Program Expenses	5,701,326	-	5,701,326
Administrative	916,447	-	916,447
Development	880,148	-	880,148
Total Functional Expenses	7,497,921	-	7,497,921
Change in Net Assets Before Non-Operating Investment Activity	771,109	43,740	814,849
Investment Income (Loss):			
Interest and Dividends	-	106,405	106,405
Less: Investment Fees	-	(15,722)	(15,722)
Realized and Unrealized Loss on Investments	-	(125,305)	(125,305)
Interfund Borrowing Interest Income	-	21,440	21,440
Total Investment Loss - Net	-	(13,182)	(13,182)
Change in Net Assets	771,109	30,558	801,667
Change in Net Assets Attributable to Non-controlling Interest	1,019	-	1,019
Change in Net Assets Attributable to WINGS Program, Inc.	770,090	30,558	800,648
Beginning Net Assets	7,108,206	5,950,843	13,059,049
Ending Net Assets	\$ 7,879,315	\$ 5,981,401	\$ 13,860,716

Consolidated Statement of Activities

Year Ended June 30, 2019 (Restated)

	2019		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Income			
Government Contracts			
FEMA	\$ -	\$ -	\$ -
Department of Justice OVAW	70,703	-	70,703
Townships and Municipalities	69,441	-	69,441
City of Chicago	465,062	-	465,062
Cook County CDBG	21,394	-	21,394
HUD-SHP	480,011	-	480,011
State of IL - Attorney General	15,000	-	15,000
State of IL - DHS	325,297	-	325,297
State of IL - ICADV	377,917	-	377,917
State of IL - ICJIA	233,846	-	233,846
Total Government Contracts	2,058,671	-	2,058,671
Other Revenues			
United Way	90,875	-	90,875
Contributions	1,162,797	501,124	1,663,921
Program Service Fees	117,286	-	117,286
Special Event Income (Net of Direct Costs of \$306,149)	2,106,162	100,050	2,206,212
In-Kind Contributions	365,526	-	365,526
Resale Gross Income (Net of Direct Costs of \$1,358,357)	713,212	-	713,212
Total Other Revenues	4,555,858	601,174	5,157,032
Other Income			
Miscellaneous	2,485	-	2,485
NCH Partership	20,481	-	20,481
Interest Income	52,748	122	52,870
Management Fees	-	-	-
Rental Income	-	-	-
Total Other Income	75,714	122	75,836
Released from Restriction	415,892	(415,892)	-
Total Income	7,106,135	185,404	7,291,539
Expenses			
Program Expenses			
Safehouse	1,232,517	-	1,232,517
Safehouse at WINGS Metro	1,882,921	-	1,882,921
Transitional Housing	1,520,631	-	1,520,631
Permanent Supportive Housing	277,398	-	277,398
Community Based Services	310,756	-	310,756
Total Program Expenses	5,224,223	-	5,224,223
Administrative	864,172	-	864,172
Development	826,762	-	826,762
Total Functional Expenses	6,915,157	-	6,915,157
Change in Net Assets Before Non-Operating Investment Activity	190,978	185,404	376,382
Investment Income (Loss)			
Interest and Dividends	-	120,183	120,183
Less: Investment Fees	-	(15,532)	(15,532)
Realized and Unrealized Gain on Investments	-	33,838	33,838
Interfund Borrowing Interest Income	-	42,210	42,210
Total Investment (Loss) Income - Net	-	180,699	180,699
Change in Net Assets	190,978	366,103	557,081
Change in Net Assets Attributable to Non-controlling Interest	(14)	-	(14)
Change in Net Assets Attributable to WINGS Program, Inc.	190,992	366,103	557,095
Beginning Net Assets	6,917,228	5,584,740	12,501,968
Ending Net Assets	\$ 7,108,206	\$ 5,950,843	\$ 13,059,049

Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Safehouse Services	Safehouse at WINGS Metro	Transitional Services	Permanent Housing	Community Based Svcs	Total Program	Administrative	Development	Total Functional Expenses	Other Fundraising (Resale and Special Event)	Total Expenses
Personnel											
Salaries & Wages	\$ 633,202	\$ 638,540	\$ 434,285	\$ 51,887	\$ 233,848	\$ 1,991,762	\$ 571,930	\$ 594,394	\$ 3,158,086	\$ 714,124	\$ 3,872,210
Payroll Taxes	46,403	46,503	31,850	3,769	16,643	145,168	41,737	43,367	230,272	51,983	282,255
Health Insurance	49,744	51,260	47,641	4,883	20,825	174,353	40,869	18,621	233,843	44,789	278,632
Workers Compensation	9,847	9,620	6,616	810	3,152	30,045	8,611	8,713	47,369	22,269	69,638
Other Personnel Costs	5,838	16,344	9,853	1,158	4,734	37,927	45,240	9,450	92,617	24,626	117,243
Total Personnel	745,034	762,267	530,245	62,507	279,202	2,379,255	708,387	674,545	3,762,187	857,791	4,619,978
Program Expense											
Rent Expense	-	-	183,573	128,391	-	311,964	-	-	311,964	-	311,964
Food Expense	92,660	97,489	4,558	740	-	195,447	-	-	195,447	-	195,447
Other Program Expenses	84,031	63,695	395,437	6,249	34,469	583,881	-	-	583,881	-	583,881
Total Program	176,691	161,184	583,568	135,380	34,469	1,091,292	-	-	1,091,292	-	1,091,292
Operations Expense											
Audit	-	-	-	-	-	-	46,000	-	46,000	-	46,000
Bank Fees	-	164	1,081	565	-	1,810	1,500	19,462	22,772	38,285	61,058
Periodicals	-	-	-	-	-	-	186	258	445	-	445
Consultants	500	40,721	-	-	-	41,221	15,182	29,514	85,917	-	85,917
Equipment	956	2,939	13,975	4,441	427	22,738	1,940	1,759	26,437	171	26,607
Equipment Rental	5,043	5,420	4,255	766	914	16,397	3,400	3,090	22,887	1,581	24,468
Interest Expense	-	-	-	-	-	-	23,025	-	23,025	-	23,025
Technology	39,341	33,435	41,559	1,420	9,939	125,694	31,544	27,840	185,078	39,988	225,066
Legal & Accounting	88,309	4,879	-	-	-	93,188	-	-	93,188	-	93,188
Licenses & Fees	1,123	476	290	259	174	2,322	8,460	37	10,818	3	10,821
Meetings & Food	317	568	247	87	120	1,341	12,035	2,178	15,554	283	15,838
Memberships & Dues	1,590	1,420	259	28	37	3,335	2,744	698	6,777	290	7,067
Mileage & Travel Expense	3,797	3,054	11,430	1,506	3,670	23,457	3,693	4,963	32,113	1,115	33,228
Supplies	16,302	28,793	8,306	213	1,625	55,239	7,252	9,125	71,615	61,564	133,179
Postage	189	49	-	-	-	238	5,669	66	5,973	-	5,973
Printing	1,789	1,306	1,056	288	613	5,052	3,207	10,325	18,584	756	19,340
Miscellaneous	-	7,583	-	-	-	7,583	-	-	7,583	-	7,583
Vehicles	-	-	-	-	-	-	-	4,319	4,319	36,697	41,016
Total Operations	159,256	130,808	82,458	9,573	17,519	399,614	165,837	113,633	679,085	180,733	859,817

Consolidated Statement of Functional Expenses (continued)

Year Ended June 30, 2020

	Safehouse Services	Safehouse at WINGS Metro	Transitional Services	Permanent Housing	Community Based Svcs	Total Program	Administrative	Development	Total Functional Expenses	Other Fundraising (Resale and Special Event)	Total Expenses
Development Expenses											
Special Events	-	-	-	-	-	-	-	-	-	196,706	196,706
Advertising	-	-	-	-	-	-	-	5,324	5,324	23,930	29,254
Appeal Expense	-	-	-	-	-	-	-	18,730	18,730	-	18,730
Marketing	-	-	-	-	1,291	1,291	-	3,378	4,669	-	4,669
Sales Tax	-	-	-	-	-	-	-	-	-	145,177	145,177
Community Relations	-	-	-	-	-	-	-	4,894	4,894	-	4,894
Resale Store	-	-	-	-	-	-	-	-	-	2,087	2,087
Total Development	-	-	-	-	1,291	1,291	-	32,326	33,617	367,900	401,517
Occupancy Expenses											
Utilities	50,161	49,702	65,717	16,011	4,639	186,230	8,039	11,364	205,633	37,491	243,124
Telephone	4,491	3,712	8,996	925	3,003	21,126	3,685	4,365	29,176	3,100	32,276
Mortgage Interest	11,957	141,742	13,661	857	1,003	169,219	4,005	3,612	176,837	10,481	187,318
Rent	146,438	177,452	165,734	29,575	40,682	559,881	-	21,450	581,331	63,053	644,384
Insurance	18,740	21,097	21,699	4,879	979	67,394	1,338	1,226	69,958	8,043	78,001
Repairs & Maintenance	75,985	75,663	102,164	23,000	3,827	280,639	14,161	10,394	305,195	25,393	330,587
Depreciation & Amortization	59,809	405,106	68,426	8,475	3,568	545,383	10,995	7,233	563,611	29,304	592,914
Total Occupancy	367,580	874,474	446,398	83,722	57,700	1,829,874	42,223	59,643	1,931,740	176,864	2,108,604
Total Functional Expenses	\$ 1,448,562	\$ 1,928,733	\$ 1,642,669	\$ 291,182	\$ 390,181	\$ 5,701,326	\$ 916,447	\$ 880,148	\$ 7,497,921	\$ 1,583,288	\$ 9,081,209

Consolidated Statement of Functional Expenses

Year Ended June 30, 2019 (Restated)

	Safehouse Services	Safehouse at WINGS Metro	Transitional Services	Permanent Housing	Community Based Svcs	Total Program	Administrative	Development	Total Functional Expenses	Other Fundraising (Resale and Special Event)	Total Expenses
Personnel											
Salaries & Wages	\$ 567,689	\$ 555,393	\$ 417,190	\$ 58,264	\$ 192,741	\$ 1,791,277	\$ 569,166	\$ 440,005	\$ 2,800,448	\$ 655,053	\$ 3,455,501
Payroll Taxes	42,236	41,293	30,509	4,117	11,832	129,987	42,449	32,617	205,053	48,722	253,775
Health Insurance	44,138	48,927	42,186	7,376	5,162	147,789	29,409	16,194	193,392	36,820	230,212
Workers Compensation	7,953	7,115	5,594	813	2,414	23,889	7,301	6,179	37,369	21,070	58,439
Other Personnel Costs	6,159	7,428	(545)	459	2,075	15,576	31,930	12,290	59,796	7,789	67,585
Total Personnel	668,175	660,156	494,934	71,029	214,224	2,108,518	680,255	507,285	3,296,058	769,454	4,065,512
Program Expense											
Rent Expense	-	-	178,966	110,647	-	289,613	-	-	289,613	-	289,613
Food Expense	77,153	82,695	2,145	470	50	162,513	-	-	162,513	-	162,513
Other Program Expenses	65,307	77,775	344,791	10,204	31,495	529,572	-	-	529,572	-	529,572
Total Program	142,460	160,470	525,902	121,321	31,545	981,698	-	-	981,698	-	981,698
Operations Expense											
Audit	-	-	-	-	-	-	36,750	-	36,750	-	36,750
Bank Fees	-	-	-	-	-	-	1,651	23,098	24,749	33,294	58,043
Periodicals	-	-	-	-	-	-	258	64	322	-	322
Consultants	-	39,350	-	-	-	39,350	10,813	93,019	143,182	10,484	153,666
Equipment	13,154	4,979	16,935	1,959	572	37,599	1,094	1,098	39,791	4,026	43,817
Equipment Rental	3,288	5,801	10,243	93	106	19,531	647	500	20,678	8,931	29,609
Interest Expense	-	-	-	-	-	-	42,210	-	42,210	-	42,210
Technology	26,948	28,017	28,760	1,925	10,269	95,919	25,257	38,202	159,378	32,969	192,347
Legal & Accounting	-	19,060	-	-	-	19,060	800	-	19,860	7,161	27,021
Licenses & Fees	488	5,161	1,429	75	23	7,176	52	-	7,228	234	7,462
Meetings & Food	339	961	295	69	110	1,774	7,742	3,526	13,042	1,768	14,810
Memberships & Dues	1,538	1,653	295	45	50	3,581	1,122	3,587	8,290	1	8,291
Mileage & Travel Expense	4,357	6,353	16,284	1,436	3,592	32,022	1,727	9,597	43,346	381	43,727
Supplies	15,542	20,891	5,646	1,281	1,065	44,425	7,422	7,015	58,862	49,131	107,993
Postage	60	91	11	-	7	169	4,086	1,779	6,034	1	6,035
Printing	1,537	2,116	1,907	386	1,352	7,298	1,912	20,067	29,277	500	29,777
Vehicles	-	-	-	-	-	-	-	1,454	1,454	32,783	34,237
Total Operations	67,251	134,433	81,805	7,269	17,146	307,904	143,543	203,006	654,453	181,664	836,117

Consolidated Statement of Functional Expenses (continued)

Year Ended June 30, 2019 (Restated)

	Safehouse Services	Safehouse at WINGS Metro	Transitional Services	Permanent Housing	Community Based Svcs	Total Program	Administrative	Development	Total Functional Expenses	Other Fundraising	Total Expenses
										(Resale and Special Event)	
Development Expenses											
Special Events	-	-	-	-	-	-	-	-	-	306,149	306,149
Advertising	-	-	-	-	-	-	-	4,866	4,866	34,037	38,903
Appeal Expense	-	-	-	-	-	-	-	28,639	28,639	-	28,639
Marketing	95	-	-	-	2,232	2,327	-	7,256	9,583	130	9,713
Sales Tax	-	-	-	-	-	-	-	-	-	155,110	155,110
Community Relations	-	-	-	-	-	-	-	12,836	12,836	75	12,911
Resale Store	-	-	-	-	-	-	-	-	-	5,379	5,379
Total Development	95	-	-	-	2,232	2,327	-	53,597	55,924	500,880	556,804
Occupancy Expenses											
Utilities	63,818	63,766	63,456	15,646	4,172	210,858	7,032	11,339	229,229	30,942	260,171
Telephone	4,592	4,569	12,852	1,099	2,666	25,778	4,654	5,491	35,923	4,178	40,101
Mortgage Interest	17,322	171,032	13,692	1,240	1,443	204,729	5,766	5,201	215,696	14,986	230,682
Rent	102,648	165,781	133,987	24,526	29,232	456,174	-	18,850	475,024	123,058	598,082
Insurance	17,016	20,336	19,320	3,932	594	61,198	1,180	1,285	63,663	7,497	71,160
Repairs & Maintenance	95,481	101,934	109,527	23,521	5,235	335,698	13,767	13,474	362,939	2,581	365,520
Depreciation & Amortization	53,659	400,444	65,156	7,815	2,267	529,341	7,975	7,234	544,550	29,266	573,816
Total Occupancy	354,536	927,862	417,990	77,779	45,609	1,823,776	40,374	62,874	1,927,024	212,508	2,139,532
Total Functional Expenses	\$ 1,232,517	\$ 1,882,921	\$ 1,520,631	\$ 277,398	\$ 310,756	\$ 5,224,223	\$ 864,172	\$ 826,762	\$ 6,915,157	\$ 1,664,506	\$ 8,579,663

Consolidated Statement of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019 (Restated)
Cash Flows from Operating Activities		
Change in net assets	\$ 801,667	\$ 557,081
Adjustments to reconcile change in net assets to net cash, cash equivalents, and restricted cash provided by operating activities:		
Depreciation	529,581	510,441
Amortization of debt issuance costs	63,335	63,335
Imputed interest expense	12,230	11,615
Realized (gain) loss on investments	(36,385)	22,556
Unrealized loss (gain) on investments	161,690	(56,394)
Changes in current assets and liabilities:		
(Increase) decrease in contracts receivable	(112,721)	16,102
Increase in prepaid expenses and other current assets	(24,796)	(35,577)
Increase in other assets	(7,604)	(3,428)
Increase (decrease) in accounts payable	139,584	(42,230)
Decrease in deferred revenue	(73,904)	(443,204)
Increase in other current liabilities	115,654	38,806
Net cash, cash equivalents, and restricted cash provided by operating activities	1,568,331	639,103
Cash Flows from Investing Activities		
Purchase of marketable securities	(118,442)	(626,344)
Proceeds on sale of marketable securities	27,758	521,691
Purchase of fixed assets	(653,366)	(402,487)
Net cash, cash equivalents, and restricted cash used in investing activities	(744,050)	(507,140)
Cash Flows from Financing Activities		
Construction loan payments	(84,088)	(149,793)
Repayments on debt - Mortgage loans	(57,628)	(69,692)
Proceeds from SBA loan	803,902	-
Net cash, cash equivalents, and restricted cash provided by (used in) financing activities	662,186	(219,485)
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	1,486,467	(87,522)
Cash, Cash Equivalents, and Restricted Cash - Beginning of year	1,432,583	1,520,105
Cash, Cash Equivalents, and Restricted Cash - End of year	\$ 2,919,050	\$ 1,432,583
Supplemental Cash Flow Information - Interest paid	\$ 173,502	\$ 217,881

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 1 - Nature of Business

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 39 percent and 29 percent of its total revenue from contributions for the years ended June 30, 2020 and 2019, respectively, and 34 percent and 26 percent of its total revenue from government contracts for the years ended June 30, 2020 and 2019, 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 as follows:

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 percent and 5 percent interest, respectively, in the LLC. Profits and losses, after compensation of the Manager, will generally be allocated based on 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 (the "landlord") entered into a lease with WM Initiatives LLC (the "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 and continues for a period of 10 years thereafter. Base rent for the lease period shall equal the landlord'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 above.

Note 2 - Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of WINGS, WMI, and the LLC (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.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

The net assets of WINGS are classified as follows:

- Net assets without donor restrictions - 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. These net assets may be use at the discretion of management. As of June 30, 2020 and 2019, the board-designated amount is used to satisfy operating reserve requirements.
- Net assets with donor restrictions - Represent contributed net assets for which donor-imposed time and purpose restrictions have not been met. Some donor restrictions are temporary in nature; those restrictions will be met by actions of WINGS Program, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Estimates

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

Cash and Cash Equivalents

For the purpose of the consolidated statement 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 11, 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 consolidated statement of financial position. Donated investments are recorded at their fair value as of the date of contribution. Changes in unrealized gains and losses are included in the accompanying consolidated statement of activities. The investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term that could materially affect the amounts reported in the consolidated financial statements.

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 2020 and 2019, there was no allowance recorded.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

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 creditworthiness), 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 collectibility 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, 2020 and 2019.

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 5 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.

Timeshare Membership

Timeshare membership reflects the fair value of a donated timeshare unit, which is being amortized using the straight-line method over the finite life of the use of the timeshare unit, which is 100 years.

Debt Issuance Costs and Amortization

Debt issuance 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.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement 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.

Note 2 - Significant Accounting Policies (Continued)

Imputed Interest

WINGS entered into a non-interest-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 consolidated statement of activities, with the corresponding expense as a component of direct resale costs on that same statement. For the years ended June 30, 2020 and 2019, sales tax amounted to \$145,177 and \$155,110, respectively.

Income Taxes

Not-for-profit: WINGS is exempt from income taxes under the provisions of Internal Revenue Code (IRC) Section 501(c)(3). 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 that is treated as a disregarded entity for income tax purposes. Therefore, no provision or benefit for income taxes is included in these consolidated financial statements since taxable income or loss passes through to, and is reportable by, the member individually.

Impairment of Long-lived Assets

The Organizations review the 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.

Endowment

U.S. GAAP addresses the net asset classification of donor-restricted endowment funds for organizations subject to the State Prudent Management of Institutional Funds Act (SPMIFA). A key component of SPMIFA is a requirement to clarify the portion of the donor-designated endowment fund that is not classified as with donor restrictions to be maintained in perpetuity as with donor restrictions and subject to appropriation until appropriated for expenditure.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Functional Allocation of Expenses

In the consolidated statement of functional expenses, expenses are charged first to the various program and support 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. Some costs have been allocated between the various program and support services on several bases and estimates as follows:

- Salaries and other personnel costs for support departments - Based on time and effort spent by employee within each function
- Occupancy and operational costs of resale stores - Based on square footage and relative benefit to each program
- Occupancy costs of main office - Based on the staff count to various cost centers

Adoption of New Accounting Principles

As of July 1, 2019, the Organizations adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchanges (reciprocal transactions) and (2) determining whether a contribution is conditional. The Organizations adopted the new standard on a modified prospective basis; however, it did not impact the recognition of contributions or grants received. There was no impact on the consolidated financial statements for the years ended June 30, 2020 and 2019 from the adoption of this ASU.

As of July 1, 2019, the Organizations adopted ASU No. 2016-18, *Restricted Cash*, which provides new guidance related to the presentation of restricted cash on the statement of cash flows. Under the new guidance, transfers between restricted cash and unrestricted cash are no longer presented on the statement of cash flows. Additionally, the beginning and ending balances of cash, cash equivalents, and restricted cash on the statement of cash flows now include restricted cash balances. The new presentation requirements have been applied retrospectively, and amounts reported in the 2019 consolidated statement of cash flows have been adjusted as follows: cash flows used in financing activities were decreased by \$25,000 in 2019; cash at the beginning of 2019 was increased to include restricted cash of \$93,959, resulting in beginning of year cash, cash equivalents, and restricted cash of \$1,520,105; and cash at the end of 2019 was increased by \$68,959, resulting in end of year cash, cash equivalents, and restricted cash of \$1,432,583.

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued 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, 2021. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. The Organizations plan to apply the standard using the full retrospective method and expect to have expanded disclosures as a result of the new standard.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

In February 2016, the FASB issued ASU No. 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 new lease guidance will be effective for the Organizations' year ending June 30, 2023 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 Organizations' consolidated financial statements as a result of the leases for retail store locations classified as operating leases. Upon adoption, the Organizations will recognize a lease liability and corresponding right-of-use asset based on the present value of the minimum lease payments. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which provides clearer financial information about important noncash contributions charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). The standard provides new presentation and disclosure requirements about contributed nonfinancial assets for nonprofits, including additional disclosure rules for recognized contributed services. The new guidance will be effective for the Organizations' year ending June 30, 2022 and will be applied using the retrospective method. The amendments will not change the recognition and measurement requirements for those assets.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including October 20, 2020, which is the date the consolidated financial statements were issued.

Note 3 - Commitments

Not-for-profit

WINGS enters into contracts for space for its events in advance. As of June 30, 2020, WINGS is liable for \$46,000 in the event of cancellation of all its upcoming events, while, as of June 30, 2019, WINGS was liable for \$40,000.

WINGS Metro, LLC

The LLC has grants and land awarded by the City of Chicago, Illinois (the "City") 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, 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 fifth 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.

Note 3 - Commitments (Continued)

Grant income recognized related to the DPD grant was \$122,604 for both years ended June 30, 2020 and 2019. Deferred grant revenue related to the DPD grant is \$689,624 and \$812,228 at June 30, 2020 and 2019, 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, 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 first 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.

Grant income recognized related to the CLIHTF grant was \$20,000 for both years ended June 30, 2020 and 2019. Deferred grant revenue related to the CLIHTF grant is \$312,498 and \$332,498 at June 30, 2020 and 2019, 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, Illinois Donated Land

Land was donated to the LLC from the City of Chicago, Illinois 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 donation revenue. The land was reconveyed back to the City of Chicago, Illinois 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, 2020 and 2019 due to the likelihood of noncompliance and default of the grant agreements being remote.

Note 4 - 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, 2020 and 2019, WINGS' uninsured cash balance totaled \$1,253,975 and \$250,593, respectively.

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that WINGS has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 5 - Fair Value Measurements (Continued)

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. WINGS' assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

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 2020 or 2019.

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

WINGS currently uses no Level 2 or 3 inputs.

The following tables present information about WINGS' assets measured at fair value on a recurring basis at June 30, 2020 and 2019 and the valuation techniques used by WINGS to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
Investments				
Mutual funds:				
U.S. fixed income	\$ 638,897	\$ -	\$ -	\$ 638,897
International bonds	248,028	-	-	248,028
Total mutual funds	886,925	-	-	886,925
Equities:				
U.S. large cap	1,160,522	-	-	1,160,522
U.S. mid cap	269,047	-	-	269,047
U.S. small cap	216,088	-	-	216,088
Emerging market	307,477	-	-	307,477
Global	209,387	-	-	209,387
Total equities	2,162,521	-	-	2,162,521
Real estate funds	138,646	-	-	138,646
Equity funds	139,993	-	-	139,993
Total investments	\$ 3,328,085	\$ -	\$ -	\$ 3,328,085

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 5 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2019
Investments				
Mutual funds:				
U.S. fixed income	\$ 666,493	\$ -	\$ -	\$ 666,493
International bonds	257,136	-	-	257,136
Total mutual funds	923,629	-	-	923,629
Equities:				
U.S. large cap	1,068,201	-	-	1,068,201
U.S. mid cap	274,962	-	-	274,962
U.S. small cap	247,852	-	-	247,852
Emerging market	339,169	-	-	339,169
Global	225,513	-	-	225,513
Total equities	2,155,697	-	-	2,155,697
Real estate funds	152,226	-	-	152,226
Equity funds	133,382	-	-	133,382
Total investments	\$ 3,364,934	\$ -	\$ -	\$ 3,364,934

Not included in the above table is \$8,226 and \$5,998 of money market funds as of June 30, 2020 and 2019, 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.

Note 6 - Fixed Assets

The cost of the Organizations' fixed assets as of June 30, 2020 and 2019 was as follows:

	2020	2019
Land	\$ 1,191,989	\$ 1,041,644
WINGS Metro, LLC land and improvements	383,743	383,743
Buildings and improvements	14,453,629	13,658,460
Furniture and fixtures	432,828	432,831
Computer equipment and software	222,733	196,408
Vehicles	53,121	53,121
Construction in progress	-	318,514
Total cost	16,738,043	16,084,721
Less accumulated depreciation	3,429,329	2,899,792
Net book value	\$ 13,308,714	\$ 13,184,929

Depreciation expense for June 30, 2020 and 2019 was \$529,581 and \$510,441, respectively.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 7 - 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, 2018 and will automatically renew for a one-year period thereafter. 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, 2020 and 2019, there was no outstanding balance.

Note 8 - Mortgage Loans Payable

Mortgage loans payable at June 30, 2020 and 2019 are as follows:

	2020	2019
IHDA mortgage loan dated March 1, 2003 for \$468,000, with \$100 payable monthly with no interest; due on January 31, 2034 and secured by the building at 7920 Niles Avenue, Skokie, Illinois. The mortgage agreement requires an escrow reserve for a working capital reserve. Total amount due as of June 30, 2020 and 2019 was \$448,300. Imputed interest as of June 30, 2020 and 2019 was \$231,419 and \$243,649, respectively, at 5.75 percent	\$ 218,726	\$ 205,851
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, N.A. mortgage loan dated September 20, 2012 for \$500,000, with \$3,909.86 payable monthly, including interest at 4.74 percent; due on October 1, 2022 and secured by property at 1445 Hicks Road, Rolling Meadows, Illinois; 1910 West Touhy Avenue, Park Ridge, Illinois; and 156 North Hager Avenue, Barrington, Illinois. This loan agreement is subject to certain financial covenants related to debt service coverage ratio	297,527	321,497
JPMorgan Chase Bank, N.A. mortgage loan dated April 4, 2013 for \$500,000, with \$3,952.96 payable monthly, including interest at 4.93 percent; due on April 1, 2023 and secured by property at 5104 Tollview Drive, Suite B, Rolling Meadows, Illinois. This loan agreement is subject to certain financial covenants related to debt service coverage ratio	314,837	338,110
JPMorgan Chase Bank, N.A. mortgage loan dated July 28, 2014 for \$350,000, with \$1,888.11 payable monthly, including interest at 2.68 percent; due on August 1, 2019 and secured by property at 1265 Oakton, Elk Grove, Illinois. This loan was refinanced on August 7, 2019 with a principal of \$294,191, and \$2,286.47 payable monthly, including interest at a variable rate; due on August 9, 2024. This loan agreement is subject to certain financial covenants related to debt service coverage ratio	283,838	294,868
Total mortgage loans payable	\$ 1,443,907	\$ 1,489,305

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 8 - Mortgage Loans Payable (Continued)

Maturities of the mortgage loans are as follows:

<u>Years Ending</u>	<u>Amount</u>
2021	\$ 81,687
2022	90,479
2023	504,040
2024	22,898
2025	200,606
Thereafter	775,616
Less interest factor	<u>(231,419)</u>
Total	<u>\$ 1,443,907</u>

For the years ended June 30, 2020 and 2019, WINGS paid interest for all mortgage loans payable and the line of credit in Note 7 in the amount of \$33,701 and \$47,319, respectively. The remainder was imputed interest expense related to the interest-free notes.

Note 9 - 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 required 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. Beginning on November 15, 2017, monthly principal and interest payments of approximately \$29,000 are required through November 15, 2018. Then, beginning on November 15, 2018, monthly principal and interest payments of approximately \$17,000 are 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 the London Interbank Offered Rate (LIBOR) plus 2.47 percent (an effective rate of 2.65 percent and 4.87 percent at June 30, 2020 and 2019, respectively), and the note is collateralized by substantially all of the assets of the LLC. WINGS Program, Inc. is the guarantor on the note. A total of \$71,451 and \$99,814 of interest was expensed as a period cost for the years ended June 30, 2020 and 2019, respectively.

Maturity of the construction loan is as follows:

<u>Years Ending</u>	<u>Amount</u>
2021	\$ 110,255
2022	<u>1,798,939</u>
Total loan payable	1,909,194
Less unamortized debt issuance costs	<u>(7,260)</u>
Total	<u>\$ 1,901,934</u>

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 10 - SBA Loan Payable

WINGS Program, Inc. entered into a \$803,902 loan with the Small Business Administration (SBA) on April 15, 2020 with an interest rate of 1.00 percent per annum and payments of \$45,240 commencing 10 months from the date of issuance. The loan was issued pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act's Paycheck Protection Program. The note's structure requires organization officials to certify certain statements that permitted the Organizations to qualify for the loans and provides loan forgiveness for a portion up to all of the borrowed amount if the Organizations use the loan proceeds for the permitted loan purpose described in the note agreement; the portion not forgiven will require the Organizations to pay back this amount in full by April 2022. WINGS Program, Inc. has the right to prepay any amount outstanding at any time without penalty.

Note 11 - New Markets Tax Credit Program and Financing

The New Markets Tax Credit (NMTC) Program was designed to stimulate investment and economic growth in low-income communities by offering taxpayers a 39 percent tax credit against federal income taxes over a seven-year period for Qualified Equity Investments (QEIs) in designated Community Development Entities (CDEs). The CDEs received NMTC allocations pursuant to Section 45D of the Internal Revenue Code. These designated CDEs must use substantially all of the proceeds to make Qualified Low Income Community Investments (QLICs). To earn the tax credit, the QEI must remain invested in the CDE for a seven-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 seven-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 QLIC loans from PNBI Subsidiary CDE11, LLC (a sub-CDE of the tax credit investor, U.S. Bank National Association). These funds were used for the construction of the Redevelopment Project, as discussed in Note 1.

PNBI QLIC 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 percent, and interest expense as of June 30, 2020 and 2019 was \$55,856.

PNBI QLIC 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 percent, and interest expense as of June 30, 2020 and 2019 was \$14,080.

Unamortized debt issuance costs related to the loans amounted to \$163,030 and \$222,314 as of June 30, 2020 and 2019, respectively.

The transaction is subject to a put/call option. U.S. 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 percent interest in USBCDC Investment Fund 150, LLC; the state investment fund; and CDE for \$1,000. At the end of the seven-year tax credit investment period, the LLC has the call option whereby, if exercised, it has the right to purchase the TCI's 100 percent 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 National Association. The loan receivable balance was \$3,993,345 as of June 30, 2020 and 2019. The loan bears interest at 1.00 percent and is payable in quarterly installments of interest, with the balance due on March 30, 2046.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 12 - Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30 are available for the following purposes:

	2020	2019 (Restated)
Subject to expenditures for a specified purpose or time restrictions:		
McCabe House	\$ 158,784	\$ 158,662
Restricted to programs	1,166,687	1,110,839
Fire Relief Fund	201,798	201,798
Endowment earnings	1,642,856	1,661,398
Interfund borrowing interest	20,770	15,410
Imputed interest	231,419	243,649
Total subject to expenditures for a specified purpose or time restrictions	3,422,314	3,391,756
Not subject to appropriation or expenditure:		
Contributed property	222,750	222,750
Endowment funds	2,336,337	2,336,337
Total not subject to appropriation or expenditure	2,559,087	2,559,087
Total net assets with donor restrictions	\$ 5,981,401	\$ 5,950,843

During July 2017, WINGS borrowed \$300,000 from the "restricted to programs" fund in order to pay off a portion of its construction loan payable. Interest expense was calculated at a rate of 2.68 percent for 2020 and 2019, which resulted in interest expense of \$5,360 and \$15,410, respectively. During 2020, WINGS paid back \$200,000 of the loan. The outstanding loan as of June 30, 2020 and 2019 was \$120,770 and \$315,410, respectively. See Note 23 for more information.

Note 13 - 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 based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

WINGS is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of WINGS had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, WINGS considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. WINGS has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, WINGS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of WINGS and the donor-restricted endowment fund

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 13 - Endowment (Continued)

- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of WINGS
- 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 percent annually above the Consumer Price Index (CPI). Actual returns in any given year may vary from this amount.

During October 2017, WINGS borrowed \$600,000 from its accumulated endowment earnings in order to pay off a portion of its construction loan payable. Interest expense was calculated at a rate of 2.68 percent for 2020 and 2019, which resulted in interest expense of \$16,080 and \$26,800, respectively. The balance of the endowment loan was \$642,880 and \$626,800 as of June 30, 2020 and 2019, respectively. WINGS is currently in pursuit of state capital funding to repay the remaining loan balance. See Note 23 for more information.

Spending Policy and Relationship with Investment Objectives

It is WINGS' policy to have available for annual discretionary distribution 5 percent 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 2020 and 2019.

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 or SPMIFA requires to be retained as a fund of perpetual duration. There were no deficiencies as of June 30, 2020 and 2019.

Information regarding the endowment net assets as of June 30, 2020 and 2019 and changes in endowment net assets for the years then ended is as follows:

	Endowment Net Asset Composition by Type of Fund as of June 30, 2020			
	Without Donor Restrictions	With Donor Restrictions and Subject to Appropriation	With Donor Restrictions to be Maintained in Perpetuity	Total
Donor-designated endowment funds	\$ (642,880)	\$ 1,642,856	\$ 2,336,337	\$ 3,336,313

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 13 - Endowment (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2020			
	Without Donor Restrictions	With Donor Restrictions and Subject to Appropriation	With Donor Restrictions to be Maintained in Perpetuity	Total
Endowment net assets - Beginning of year	\$ (626,800)	\$ 1,661,398	\$ 2,336,337	\$ 3,370,935
Investment income	-	106,405	-	106,405
Investment expense	-	(15,722)	-	(15,722)
Interfund borrowing interest expense	(16,080)	16,080	-	-
Net depreciation (realized and unrealized)	-	(125,305)	-	(125,305)
Endowment net assets - End of year	<u>\$ (642,880)</u>	<u>\$ 1,642,856</u>	<u>\$ 2,336,337</u>	<u>\$ 3,336,313</u>

	Endowment Net Asset Composition by Type of Fund as of June 30, 2019 (Restated)			
	Without Donor Restrictions	With Donor Restrictions and Subject to Appropriation	With Donor Restrictions to be Maintained in Perpetuity	Total
Donor-designated endowment funds	\$ (626,800)	\$ 1,661,398	\$ 2,336,337	\$ 3,370,935

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2019 (Restated)			
	Without Donor Restrictions	With Donor Restrictions and Subject to Appropriation	With Donor Restrictions to be Maintained in Perpetuity	Total
Endowment net assets - Beginning of year	\$ (600,000)	\$ 1,496,109	\$ 2,336,337	\$ 3,232,446
Investment income	-	120,183	-	120,183
Investment expense	-	(15,532)	-	(15,532)
Interfund borrowing interest expense	(26,800)	26,800	-	-
Net appreciation (realized and unrealized)	-	33,838	-	33,838
Endowment net assets - End of year	<u>\$ (626,800)</u>	<u>\$ 1,661,398</u>	<u>\$ 2,336,337</u>	<u>\$ 3,370,935</u>

Note 14 - 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, 2020 and 2019, WINGS received in-kind donations of \$366,990 and \$308,381, respectively, and donations of gift certificates of \$10,378 and \$15,379, respectively.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 14 - Donated Property and Equipment, Materials, Services, and Facilities (Continued)

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 41,332 and 52,430 hours of volunteer time in the years ended June 30, 2020 and 2019, 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, 2020 and 2019, WINGS recorded donated services of \$100,365 and \$21,561, respectively.

Donations of the use of facilities are recorded at their fair value. Such donations are reported as unrestricted support. During the years ended June 30, 2020 and 2019, WINGS received donated use of facilities valued at \$20,527 and \$20,204, respectively.

Note 15 - 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, an 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. On May 29, 2019, the lease was extended for five more years to May 31, 2025. 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.

In September 2019, WINGS entered into an operating lease agreement effective September 1, 2019 for the resale store at 3501-3519 West 63rd Street, Chicago, Illinois for six years. Monthly rent expense is set as 19.5 percent of the required mortgage payment, plus budgeted operating expenses for the coming year.

There are numerous one-year operating leases for program residences as of June 30, 2020. 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, 2020 and 2019 was \$689,945 and \$598,081, respectively, which included the cost of donated facilities (see Note 14). Rent expense on program residence leases was \$690,337 and \$748,546 for the years ended June 30, 2020 and 2019, respectively.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 15 - Lease Obligation and Rent Expense (Continued)

The estimated future minimum rent and lease obligation for the succeeding years under noncancelable operating leases in effect as of June 30, 2020 are as follows:

Years Ending June 30	Rent
2021	\$ 588,508
2022	369,420
2023	251,902
2024	254,156
2025	256,459
Thereafter	<u>341,386</u>
Total	<u>\$ 2,061,831</u>

Note 16 - Operating Leases - Lessor

WINGS Program, Inc. purchased real estate located at 5104 Tollview Drive, Suite A on May 6, 2020, which included a lease agreement with the current tenant of the building. WINGS Program, Inc. continues to lease this property to unrelated party under operating leases expiring in March 31, 2022.

Following is a schedule by year of future minimum rental receipts required under operating leases that have remaining noncancelable lease terms in excess of one year as of June 30, 2020:

Years Ending June 30	Amount
2021	\$ 107,504
2022	<u>71,699</u>
Total	<u>\$ 179,203</u>

Note 17 - 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. Effective January 1, 2020, the plan was amended to require an employer matching contribution of 25 percent of the first \$4,000 contributed by the employee, with a maximum employer contribution of \$1,000 per calendar year. For the year ended June 30, 2020, the total employer contribution expense was \$10,418. There were no employer contributions for 2019.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 18 - Special Events

Revenue and expenses from development projects are shown at the gross amounts in the consolidated statement of activities. Gross revenue and expense for each event for the years ended June 30, 2020 and 2019 are as follows:

	2020		
	Revenue	Expense	Net
Sweet Home Chicago	\$ 808,050	\$ 77,883	\$ 730,167
Purple Tie Ball	472,714	89,958	382,756
Speakers Luncheon	353,660	13,949	339,711
Miscellaneous	52,283	14,916	37,367
Total	\$ 1,686,707	\$ 196,706	\$ 1,490,001
	2019		
	Revenue	Expense	Net
Sweet Home Chicago	\$ 746,500	\$ 74,437	\$ 672,063
Purple Tie Ball	310,329	74,061	236,268
Speakers Luncheon	968,780	97,460	871,320
Fashion Show	379,084	39,953	339,131
Miscellaneous	107,668	20,238	87,430
Total	\$ 2,512,361	\$ 306,149	\$ 2,206,212

There were no restrictions on special events revenue as of June 30, 2020. There was \$100,050 of donor-restricted contributions included in the Speakers Luncheon special events revenue as of June 30, 2019.

Note 19 - Grants from Townships and Municipalities

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

	2020	2019
City of Des Plaines, Illinois	\$ 7,823	\$ 1,531
Elk Grove Township	1,500	1,500
Hanover Township	4,250	1,315
Maine Township	6,240	4,945
Niles Township	12,500	-
Northfield Township	4,000	4,000
Schaumburg Township	15,000	15,000
Village of Arlington Heights, Illinois	4,998	6,000
Village of Hanover Park, Illinois	5,000	-
Village of Mt Prospect, Illinois	-	2,124
Village of Palatine, Illinois	5,102	3,325
Village of Schaumburg, Illinois	6,576	9,554
Wheeling Township	10,114	13,147
Palatine Township	8,000	7,000
Total	\$ 91,103	\$ 69,441

Note 20 - 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 years ended June 30, 2020 and 2019 was \$0.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 21 - Liquidity and Availability of Resources

The following reflects the Organizations' financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions or board designations that limit availability within one year of the consolidated statement of financial position date.

	2020	2019 (Restated)
Cash and cash equivalents	\$ 2,875,091	\$ 1,363,624
Contracts receivable	410,486	297,765
Restricted investments	3,336,311	3,370,932
Financial assets - At year end	6,621,888	5,032,321
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	1,548,039	1,486,709
Endowment funds	3,979,193	3,997,735
Internal designations - Board designations	421,468	121,468
Financial assets available to meet cash needs for general expenditures within one year	\$ 673,188	\$ (573,591)

WINGS receives significant contributions and promises to give restricted by donors and considers contributions restricted for programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. WINGS manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. WINGS has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 30 days' operating expenses. WINGS has a policy to target a year-end balance of reserves of unrestricted, undesignated net assets to meet 90 days of expected expenditures. To achieve these targets, WINGS forecasts its future cash flows, monitors its liquidity quarterly, and monitors its reserves annually. During the years ended June 30, 2020 and 2019, the level of liquidity and reserves was managed within the policy requirements. See Note 7 for more information on the line of credit available for the Organizations' cash needs.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 22 - Impact of Disease Outbreak

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted thousands of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. WINGS took advantage of the federal Paycheck Protection Program by seeking a forgivable loan of \$803,902 in April 2020. See Note 10 for more detail. The Organizations also performed an in-depth scenario modeling and risk evaluation in preparing its FY 2021 budget, foregoing any new positions of operational expansions and holding staff pay at FY 2020 levels. WINGS has also developed an action plan should its business operations be required to be curtailed or should fundraising results fall short, which will allow for immediate responses to limit losses. No impairments were recorded as of the consolidated statement of financial position date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. While the Organizations' results of operations, cash flows, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.

Note 23 - Prior Period Adjustment

The accompanying consolidated financial statements for 2019 have been restated to correct an error related to interfund borrowings that were reflected as releases from restriction in a prior year. During the year ended June 30, 2018, \$300,000 was borrowed from donor-restricted funds "restricted to programs," and \$600,000 was borrowed from donor-restricted accumulated endowment earnings. Net assets have been restated to increase net assets with donor-restrictions as of July 1, 2018. As a result of the prior period adjustment, net assets with donor restrictions as of July 1, 2019 increased from \$4,684,740, as originally reported, to \$5,584,740, and net assets without donor restrictions as of July 1, 2019 decreased from \$7,817,228, as originally reported, to \$6,917,228. The amounts of net assets with donor restrictions in Notes 12 and 13 were restated for 2019 as a result.

Interest expense of approximately \$42,210 was recorded in 2019 for interfund borrowings based on a borrowing rate of 2.68 percent. As a result of the adjustment, administrative expense increased from \$821,962 to \$864,172 on the consolidated statements of activities and functional expenses for 2019.

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. and its subsidiaries as of and for the years ended June 30, 2020 and 2019 and have issued our report thereon dated October 20, 2020, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the 2020 consolidated financial statements as a whole. The consolidating statements of financial position and activities 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 2020 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2020 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 2020 consolidated financial statements as a whole.

Plante & Moran, PLLC

October 20, 2020

Consolidating Statement of Financial Position

June 30, 2020

(with comparative totals for 2019 (Restated))

	WINGS Program, Inc. and WM Initiatives LLC	WINGS Metro, LLC	Eliminating Entries	Total	2019 (Restated)
Assets					
Current Assets					
Cash and cash equivalents	\$ 2,585,234	\$ 289,857	\$ -	\$ 2,875,091	\$ 1,363,624
Contracts receivable	410,486	-	-	410,486	297,765
Assets held for sale	79,000	-	-	79,000	79,000
Prepaid expenses and other current assets	256,020	-	-	256,020	231,224
Total current assets	3,330,740	289,857	-	3,620,597	1,971,613
Other Assets					
Restricted investments	3,336,311	-	-	3,336,311	3,370,932
Restricted cash	-	43,959	-	43,959	68,959
Investment in WINGS Metro, LLC	275,303	(275,303)	-	-	-
IHDA escrow	211,068	-	-	211,068	208,855
Security deposit	33,967	-	-	33,967	34,217
Emergency fund receivables	20,308	-	-	20,308	12,536
Loan receivable - NMTC	3,993,345	-	-	3,993,345	3,993,345
Developer fees receivable	500,000	-	(500,000)	-	-
Timeshare membership - Net of amortization	3,261	-	-	3,261	3,302
Cash held for others	11,632	-	-	11,632	13,722
Total other assets	8,385,195	(231,344)	(500,000)	7,653,851	7,705,868
Fixed Assets - Net	5,809,401	7,999,313	(500,000)	13,308,714	13,184,929
Total assets	<u>\$ 17,525,336</u>	<u>\$ 8,057,826</u>	<u>\$ (1,000,000)</u>	<u>\$ 24,583,162</u>	<u>\$ 22,862,410</u>

WINGS Program, Inc.
Consolidating Statement of Financial Position (Continued)
June 30, 2020
(with comparative totals for 2019 (Restated))

	WINGS Program, Inc. and WM Initiatives LLC	WINGS Metro, LLC	Eliminating Entries	Total	2019 (Restated)
Liabilities and Net Assets (Deficiency in Net Assets)					
Current Liabilities					
Accounts payable	\$ 257,073	\$ 20,700	\$ -	\$ 277,773	\$ 138,189
Accrued compensation	260,750	-	-	260,750	181,519
Current portion of mortgage loans payable	81,687	-	-	81,687	347,177
Current portion of construction loan payable	-	110,255	-	110,255	104,600
Deferred revenue	85,600	-	-	85,600	16,900
Deferred rent	-	-	-	-	2,121
Other current liabilities	87,453	10,403	-	97,856	57,222
Cash held for others	11,632	-	-	11,632	13,722
Total current liabilities	784,195	141,358	-	925,553	861,450
Mortgage Loans Payable	1,362,220	-	-	1,362,220	1,142,128
SBA Loan Payable	803,902	-	-	803,902	-
Notes Payable					
Construction loan payable - Net of current portion	-	1,798,939	-	1,798,939	1,888,682
QLICI notes payable	-	5,000,000	-	5,000,000	5,000,000
Less unamortized debt issuance costs	-	(170,290)	-	(170,290)	(233,625)
Total notes payable	-	6,628,649	-	6,628,649	6,655,057
Other Long-term Payable	-	500,000	(500,000)	-	-
Deferred Grant Revenue	-	1,002,122	-	1,002,122	1,144,726
Total liabilities	2,950,317	8,272,129	(500,000)	10,722,446	9,803,361
Net Assets (Deficiency in Net Assets)					
Without donor restrictions:					
Undesignated	8,172,150	(214,303)	(489,284)	7,468,563	6,998,473
Noncontrolling interest	-	-	(10,716)	(10,716)	(11,735)
Board designated	421,468	-	-	421,468	121,468
Total net assets (deficiency in net assets) without donor restrictions	8,593,618	(214,303)	(500,000)	7,879,315	7,108,206
With donor restrictions	5,981,401	-	-	5,981,401	5,950,843
Total net assets (deficiency in net assets)	14,575,019	(214,303)	(500,000)	13,860,716	13,059,049
Total liabilities and net assets (deficiency in net assets)	\$ 17,525,336	\$ 8,057,826	\$ (1,000,000)	\$ 24,583,162	\$ 22,862,410

WINGS Program, Inc. and WM Initiatives LLC

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Net Assets	WINGS Metro, LLC (Net Assets without Donor Restrictions)	Eliminations	Total
Income						
Government Contracts						
FEMA	\$ 73,290	\$ -	\$ 73,290	\$ -	\$ -	\$ 73,290
Department of Justice OVAW	119,798	-	119,798	-	-	119,798
Cook County CDBG	22,802	-	22,802	-	-	22,802
Townships and Municipalities	91,103	-	91,103	-	-	91,103
City of Chicago	348,333	-	348,333	142,602	-	490,935
HUD-CEDV	17,345	-	17,345	-	-	17,345
HUD-SHP	415,994	-	415,994	-	-	415,994
State of IL - Attorney General	12,413	-	12,413	-	-	12,413
State of IL - DHS	259,783	-	259,783	-	-	259,783
State of IL - DCEO	500,000	-	500,000	-	-	500,000
State of IL - ESG	71,135	-	71,135	-	-	71,135
State of IL - ICADV	492,353	-	492,353	-	-	492,353
State of IL - ICJIA	300,427	-	300,427	-	-	300,427
Total Government Contracts	2,724,776	-	2,724,776	142,602	-	2,867,378
Other Revenues						
United Way	74,520	-	74,520	-	-	74,520
Contributions	2,578,341	165,650	2,743,991	-	-	2,743,991
Program Service Fees	107,449	-	107,449	423,934	(423,934)	107,449
Special Event Income (Net of Direct Costs of \$196,706)	1,490,002	-	1,490,002	-	-	1,490,002
In-Kind Contributions	500,590	-	500,590	-	-	500,590
Resale Gross Income (Net of Direct Costs of \$1,386,582)	431,942	-	431,942	-	-	431,942
Total Other Revenues	5,182,844	165,650	5,348,494	423,934	(423,934)	5,348,494
Other Income						
Miscellaneous	7,424	-	7,424	-	-	7,424
NCH Partnership	22,573	-	22,573	-	-	22,573
Interest Income	48,195	122	48,317	-	-	48,317
Management Fees	2,400	-	2,400	-	-	2,400
Rental Income	16,183	-	16,183	-	-	16,183
Total Other Income	96,776	122	96,898	-	-	96,898
Released from Restriction						
	122,032	(122,032)	-	-	-	-
Total Income	8,126,428	43,740	8,170,168	566,536	(423,934)	8,312,770
Expenses						
Program Expenses						
Safehouse	1,448,562	-	1,448,562	-	-	1,448,562
Safehouse at WINGS Metro	1,806,515	-	1,806,515	546,152	(423,934)	1,928,733
Transitional Housing	1,642,669	-	1,642,669	-	-	1,642,669
Permanent Supportive Housing	291,182	-	291,182	-	-	291,182
Community Based Services	390,181	-	390,181	-	-	390,181
Total Program Expenses	5,579,108	-	5,579,108	546,152	(423,934)	5,701,326
Administrative						
	916,447	-	916,447	-	-	916,447
Development						
	880,148	-	880,148	-	-	880,148
Total Functional Expenses	7,375,703	-	7,375,703	546,152	(423,934)	7,497,921
Change in Net Assets Before Non-Operating Investment Activity						
	750,725	43,740	794,465	20,384	-	814,849
Investment Income (Loss)						
Interest and Dividends	-	106,405	106,405	-	-	106,405
Less: Investment Fees	-	(15,722)	(15,722)	-	-	(15,722)
Realized and Unrealized Loss on Investments	-	(125,305)	(125,305)	-	-	(125,305)
Interfund Borrowing Interest Income	-	21,440	21,440	-	-	21,440
Total Investment Loss - Net	-	(13,182)	(13,182)	-	-	(13,182)
Change in Net Assets	750,725	30,558	781,283	20,384	-	801,667
Change in Net Assets Attributable to Non-controlling Interest						
	-	-	-	1,019	-	1,019
Change in Net Assets Attributable to WINGS Program, Inc.						
	750,725	30,558	781,283	19,365	-	800,648
Beginning Net Assets	7,842,893	5,950,843	13,793,736	(234,687)	(500,000)	13,059,049
Ending Net Assets	\$ 8,593,618	\$ 5,981,401	\$ 14,575,019	\$ (214,303)	\$ (500,000)	\$ 13,860,716

Consolidating Statement of Activities

Year Ended June 30, 2019 (Restated)

WINGS Program, Inc. and WM Initiatives LLC

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Net Assets	WINGS Metro, LLC (Net Assets without Donor Restrictions)	Eliminations	Total
Income						
Government Contracts						
FEMA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Department of Justice OVAW	70,703	-	70,703	-	-	70,703
Townships and Municipalities	69,441	-	69,441	-	-	69,441
City of Chicago	322,458	-	322,458	142,604	-	465,062
Cook County CDBG	21,394	-	21,394	-	-	21,394
HUD-SHP	480,011	-	480,011	-	-	480,011
State of IL - Attorney General	15,000	-	15,000	-	-	15,000
State of IL - DHS	325,297	-	325,297	-	-	325,297
State of IL - ICADV	377,917	-	377,917	-	-	377,917
State of IL - ICJIA	233,846	-	233,846	-	-	233,846
Total Government Contracts	1,916,067	-	1,916,067	142,604	-	2,058,671
Other Revenues						
United Way	90,875	-	90,875	-	-	90,875
Contributions	1,162,797	501,124	1,663,921	-	-	1,663,921
Program Service Fees	117,286	-	117,286	458,933	(458,933)	117,286
Special Event Income (Net of Direct Costs of \$306,149)	2,106,162	100,050	2,206,212	-	-	2,206,212
In-Kind Contributions	365,526	-	365,526	-	-	365,526
Resale Gross Income (Net of Direct Costs of \$1,358,357)	713,212	-	713,212	-	-	713,212
Total Other Revenues	4,555,858	601,174	5,157,032	458,933	(458,933)	5,157,032
Other Income						
Miscellaneous	2,485	-	2,485	-	-	2,485
NCH Partnership	20,481	-	20,481	-	-	20,481
Interest Income	52,748	122	52,870	-	-	52,870
Management Fees	-	-	-	-	-	-
Rental Income	-	-	-	-	-	-
Total Other Income	75,714	122	75,836	-	-	75,836
Released from Restriction						
	415,892	(415,892)	-	-	-	-
Total Income	6,963,531	185,404	7,148,935	601,537	(458,933)	7,291,539
Expenses						
Program Expenses						
Safehouse	1,232,517	-	1,232,517	-	-	1,232,517
Safehouse at WINGS Metro	1,740,044	-	1,740,044	601,810	(458,933)	1,882,921
Transitional Housing	1,520,631	-	1,520,631	-	-	1,520,631
Permanent Supportive Housing	277,398	-	277,398	-	-	277,398
Community Based Services	310,756	-	310,756	-	-	310,756
Total Program Expenses	5,081,346	-	5,081,346	601,810	(458,933)	5,224,223
Administrative	864,172	-	864,172	-	-	864,172
Development	826,762	-	826,762	-	-	826,762
Total Functional Expenses	6,772,280	-	6,772,280	601,810	(458,933)	6,915,157
Change in Net Assets Before Non-Operating						
Investment Activity	191,251	185,404	376,655	(273)	-	376,382
Investment Income (Loss)						
Interest and Dividends	-	120,183	120,183	-	-	120,183
Less: Investment Fees	-	(15,532)	(15,532)	-	-	(15,532)
Realized and Unrealized Gain on Investments	-	33,838	33,838	-	-	33,838
Interfund Borrowing Interest Income	-	42,210	42,210	-	-	42,210
Total Investment Income - Net	-	180,699	180,699	-	-	180,699
Change in Net Assets	191,251	366,103	557,354	(273)	-	557,081
Change in Net Assets Attributable to Non-controlling Interest	-	-	-	(14)	-	(14)
Change in Net Assets Attributable to WINGS Program, Inc.	191,251	366,103	557,354	(259)	-	557,095
Beginning Net Assets	7,651,642	5,584,740	13,236,382	(234,414)	(500,000)	12,501,968
Ending Net Assets	\$ 7,842,893	\$ 5,950,843	\$ 13,793,736	\$ (234,687)	\$ (500,000)	\$ 13,059,049