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# WINGS Program, Inc.

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**Consolidated Financial Report**  
**June 30, 2024**

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## Independent Auditor's Report

To the Board of Directors  
WINGS Program, Inc.

### Report on the Audits of the Consolidated Financial Statements

#### **Opinion**

We have audited the consolidated financial statements of WINGS Program, Inc. and its subsidiaries (the "Organizations"), which comprise the consolidated statement of financial position as of June 30, 2024 and 2023 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organizations as of June 30, 2024 and 2023 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.

#### **Basis for Opinion**

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

#### **Emphasis of Matters**

As discussed in Note 17 to the consolidated financial statements, the 2023 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

As described in Note 3 to the consolidated financial statements, the Organizations reclassified amounts within the consolidated statement of functional expenses. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Consolidated Financial Statements**

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

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

To the Board of Directors  
WINGS Program, Inc.

***Auditor's Responsibilities for the Audits of the Consolidated Financial Statements***

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

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2024 on our consideration of the Organizations' 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organizations' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

October 17, 2024

**Consolidated Statement of Financial Position**

**June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u> (As Restated)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,041,224	\$ 1,680,232
Investments - Unrestricted	790,119	764,366
Receivables:		
Government contracts receivable	1,272,670	2,934,267
Contributions receivable	450,000	416,679
Total receivables	<u>1,722,670</u>	<u>3,350,946</u>
Assets held for sale	79,000	79,000
Prepaid expenses and other current assets	<u>840,700</u>	<u>768,769</u>
Total current assets	6,473,713	6,643,313
<b>Investments - Restricted</b>	5,746,281	4,348,856
<b>Other Assets</b>	72,786	70,820
<b>Fixed Assets - Net</b>	11,749,112	12,021,081
<b>IHDA Escrow</b>	229,794	218,225
<b>Right-of-use Operating Lease Assets</b>	<u>2,799,439</u>	<u>2,752,398</u>
Total assets	<u><u>\$ 27,071,125</u></u>	<u><u>\$ 26,054,693</u></u>

**Consolidated Statement of Financial Position (Continued)****June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u> (As Restated)
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 358,905	\$ 521,720
Accrued liabilities and other	624,232	563,519
Current portion of mortgage loans and other notes payable	309,804	112,483
Current portion of lease liabilities - Operating	403,949	345,292
Deferred revenue	272,000	60,560
Other current liabilities	131,509	273,708
Cash held for others	8,154	8,188
	<u>2,108,553</u>	<u>1,885,470</u>
Total current liabilities	2,108,553	1,885,470
<b>Mortgage Loans and Other Notes Payable - Net of current portion</b>	2,010,304	2,302,018
<b>Lease Liabilities - Operating</b>	2,490,270	2,502,215
<b>Deferred Grant Revenue</b>	880,000	880,000
	<u>7,489,127</u>	<u>7,569,703</u>
Total liabilities	7,489,127	7,569,703
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	9,647,209	9,274,496
Board designated - End of year	1,394,063	1,421,069
	<u>11,041,272</u>	<u>10,695,565</u>
Total net assets without donor restrictions	11,041,272	10,695,565
With donor restrictions	8,540,726	7,789,425
	<u>19,581,998</u>	<u>18,484,990</u>
Total net assets	19,581,998	18,484,990
Total liabilities and net assets	<u><u>\$ 27,071,125</u></u>	<u><u>\$ 26,054,693</u></u>

## Consolidated Statement of Activities

**Years Ended June 30, 2024 and 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Income</b>						
Government contracts:						
All Chicago	\$ 519,677	\$ -	\$ 519,677	\$ 339,294	\$ -	\$ 339,294
FHHS	165,503	-	165,503	99,812	-	99,812
FEMA	55,496	-	55,496	119,762	-	119,762
Department of Justice OVAW	122,933	-	122,933	-	-	-
Cook County CDBG	27,796	-	27,796	27,053	-	27,053
Cook County ESG	-	-	-	7,264	-	7,264
Cook County JAC	310,423	-	310,423	-	-	-
Townships and Municipalities	80,111	-	80,111	117,258	-	117,258
City of Chicago	411,096	-	411,096	310,570	-	310,570
HUD-CEDV	65,051	-	65,051	63,996	-	63,996
HUD-SHP	1,248,505	-	1,248,505	747,589	-	747,589
State of IL - Attorney General	102,428	-	102,428	80,000	-	80,000
State of IL - DHS	2,750,743	-	2,750,743	2,918,979	-	2,918,979
State of IL - DCEO	650,000	-	650,000	600,000	-	600,000
State of IL - ESG	74,991	-	74,991	72,093	-	72,093
State of IL - ESGCV	-	-	-	177,673	-	177,673
State of IL - ICADV	-	-	-	515,587	-	515,587
State of IL - ICJIA	-	-	-	161,100	-	161,100
State of IL - ICJIA - Other	-	-	-	54,000	-	54,000
Total government contracts	6,584,753	-	6,584,753	6,412,030	-	6,412,030
Other revenue:						
United Way	35,000	-	35,000	46,713	-	46,713
Contributions of cash and other financial assets	2,363,351	703,580	3,066,931	1,657,816	337,692	1,995,508
Contributions of nonfinancial assets	508,239	-	508,239	449,624	-	449,624
Program service fees	65,094	-	65,094	77,288	-	77,288
Special event income (net of direct costs of \$446,582 and \$396,265, respectively)	1,264,737	-	1,264,737	1,246,359	-	1,246,359
Resale store sales	2,796,873	-	2,796,873	2,687,131	-	2,687,131
Contributions of nonfinancial assets - Resale stores	2,584,967	-	2,584,967	2,470,367	-	2,470,367
Total other revenue	9,618,261	703,580	10,321,841	8,635,298	337,692	8,972,990
Other income (loss):						
Miscellaneous	38,794	-	38,794	3,351	-	3,351
NCH partnership	27,083	-	27,083	19,625	-	19,625
Investment income	99,746	1,544	101,290	52,408	61	52,469
Rental income	-	-	-	78,832	-	78,832
Net assets released from restrictions	708,458	(708,458)	-	407,448	(407,448)	-
Total other income (loss)	874,081	(706,914)	167,167	561,664	(407,387)	154,277
Total income (loss)	17,077,095	(3,334)	17,073,761	15,608,992	(69,695)	15,539,297
<b>Expenses</b>						
Program expenses:						
Safehouse services	1,701,203	-	1,701,203	2,040,758	-	2,040,758
Safehouse at WINGS Metro	2,098,327	-	2,098,327	2,175,097	-	2,175,097
Transitional services	1,743,229	-	1,743,229	1,403,804	-	1,403,804
Community-based services	1,098,828	-	1,098,828	819,423	-	819,423
Permanent housing	1,937,559	-	1,937,559	1,023,563	-	1,023,563
Resale stores	5,456,635	-	5,456,635	5,078,703	-	5,078,703
Total program expenses	14,035,781	-	14,035,781	12,541,348	-	12,541,348

See notes to consolidated financial statements.

**Consolidated Statement of Activities (Continued)**

**Years Ended June 30, 2024 and 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
General and administrative:						
Administrative	\$ 1,492,038	\$ -	\$ 1,492,038	\$ 1,287,784	\$ -	\$ 1,287,784
Development	1,229,322	-	1,229,322	926,540	-	926,540
Total functional expenses	16,757,141	-	16,757,141	14,755,672	-	14,755,672
<b>Change in Net Assets before Nonoperating Activity</b>	319,954	(3,334)	316,620	853,320	(69,695)	783,625
<b>Investment Income (Loss)</b>						
Interest and dividends	14,873	186,008	200,881	4,605	140,262	144,867
Less investment fees	(1,526)	(4,313)	(5,839)	(1,820)	(16,627)	(18,447)
Realized and unrealized gain on investments	12,406	562,890	575,296	11,580	333,946	345,526
Interfund borrowing interest expense	-	10,050	10,050	-	18,760	18,760
Total investment income - Net	25,753	754,635	780,388	14,365	476,341	490,706
<b>Change in Net Assets</b>	\$ 345,707	\$ 751,301	\$ 1,097,008	\$ 867,685	\$ 406,646	\$ 1,274,331
<b>Net Assets - Beginning of year</b>	10,695,565	7,789,425	18,484,990	9,827,880	7,382,779	17,210,659
<b>Net Assets - End of year</b>	<b>\$ 11,041,272</b>	<b>\$ 8,540,726</b>	<b>\$ 19,581,998</b>	<b>\$ 10,695,565</b>	<b>\$ 7,789,425</b>	<b>\$ 18,484,990</b>



# Consolidated Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services						General and Administrative		Total Functional Expenses	Special Events	Total Expenses	
	Safehouse Services	Safehouse at WINGS Metro	Transitional Services	Community- based Services	Permanent Housing	Resale Stores	Total Program	Administrative				Development
<b>Personnel</b>												
Salaries and wages	\$ 984,544	\$ 1,005,797	\$ 567,161	\$ 667,046	\$ 537,899	\$ 1,130,174	\$ 4,892,621	\$ 892,062	\$ 732,790	\$ 6,517,473	\$ -	\$ 6,517,473
Payroll taxes	71,463	73,461	41,106	47,822	38,986	82,286	355,124	65,022	53,488	473,634	-	473,634
Health insurance	92,352	92,383	74,628	67,816	55,047	91,761	473,987	76,942	31,378	582,307	-	582,307
Workers compensation	9,231	9,486	5,415	6,059	5,261	21,343	56,795	8,074	6,992	71,861	-	71,861
Miscellaneous employee costs	18,164	14,203	15,464	19,540	11,972	17,624	96,967	72,262	20,663	189,892	-	189,892
<b>Total personnel</b>	<b>1,175,754</b>	<b>1,195,330</b>	<b>703,774</b>	<b>808,283</b>	<b>649,165</b>	<b>1,343,188</b>	<b>5,875,494</b>	<b>1,114,362</b>	<b>845,311</b>	<b>7,835,167</b>	<b>-</b>	<b>7,835,167</b>
<b>Program Expenses</b>												
Rent expense	-	-	300,850	8,800	211,477	-	521,127	-	-	521,127	-	521,127
Food expense	66,958	66,968	8,486	562	9,727	-	152,701	-	153	152,854	-	152,854
Training and development	87,302	133,261	284,323	142,738	957,939	-	1,605,563	-	-	1,605,563	-	1,605,563
Cost of goods sold	-	-	-	-	-	2,584,967	2,584,967	-	-	2,584,967	-	2,584,967
<b>Total program expenses</b>	<b>154,260</b>	<b>200,229</b>	<b>593,659</b>	<b>152,100</b>	<b>1,179,143</b>	<b>2,584,967</b>	<b>4,864,358</b>	<b>-</b>	<b>153</b>	<b>4,864,511</b>	<b>-</b>	<b>4,864,511</b>
<b>Operations Expenses</b>												
Audit	-	-	-	-	-	-	-	103,755	-	103,755	-	103,755
Bank fees	-	30	1,046	13	-	83,413	84,502	3,815	37,990	126,307	-	126,307
Periodicals	-	-	-	-	-	-	-	275	219	494	-	494
Consultants	2,665	59,119	5,120	-	4,780	44,615	116,299	15,587	108,213	240,099	-	240,099
Equipment	25,159	6,030	38,262	275	1,285	643	71,654	650	850	73,154	-	73,154
Equipment rental	4,743	4,404	2,525	4,960	1,638	1,573	19,843	5,154	4,635	29,632	-	29,632
Interest expense	-	-	-	-	-	-	-	26,312	-	26,312	-	26,312
Technology	44,252	39,909	67,119	36,916	22,064	45,346	255,606	88,253	25,456	369,315	-	369,315
Legal and accounting	-	1,160	-	1,500	-	-	2,660	(700)	-	1,960	-	1,960
Licenses and fees	1,244	262	284	194	152	803	2,939	408	403	3,750	-	3,750
Meetings and food	961	1,487	658	1,090	857	1,504	6,557	14,226	7,648	28,431	-	28,431
Memberships and dues	1,636	1,636	1,550	-	500	810	6,132	2,810	2,793	11,735	-	11,735
Mileage and travel expense	4,260	3,554	13,982	2,800	19,423	395	44,414	7,907	14,106	66,427	-	66,427
Sales tax	-	-	-	-	-	225,762	225,762	-	-	225,762	-	225,762
Supplies	18,581	38,365	13,051	16,870	2,639	72,800	162,306	12,450	7,890	182,646	-	182,646
Postage	138	108	4	124	4	-	378	5,306	10,180	15,864	-	15,864
Printing	1,489	1,460	2,038	4,331	899	3,970	14,187	2,476	24,509	41,172	-	41,172
Miscellaneous	-	3	-	-	-	-	3	663	-	666	-	666
Vehicles	-	-	-	-	-	45,660	45,660	-	2,200	47,860	-	47,860
<b>Total operations expenses</b>	<b>105,128</b>	<b>157,527</b>	<b>145,639</b>	<b>69,073</b>	<b>54,241</b>	<b>527,294</b>	<b>1,058,902</b>	<b>289,347</b>	<b>247,092</b>	<b>1,595,341</b>	<b>-</b>	<b>1,595,341</b>
<b>Development Expenses</b>												
Special events	-	-	-	-	-	-	-	-	-	-	446,582	446,582
Advertising	-	-	-	-	-	2,911	2,911	-	1,646	4,557	-	4,557
Appeal expense	-	-	-	-	-	-	-	-	18,509	18,509	-	18,509

See notes to consolidated financial statements.

## Consolidated Statement of Functional Expenses (Continued)

Year Ended June 30, 2024

	Program Services						General and Administrative			Total Functional Expenses	Special Events	Total Expenses
	Safehouse Services	Safehouse at WINGS Metro	Transitional Services	Community- based Services	Permanent Housing	Resale Stores	Total Program	Administrative	Development			
Marketing	\$ 280	\$ 260	\$ 336	\$ 4,279	\$ 151	\$ -	\$ 5,306	\$ 5,301	\$ 43,789	\$ 54,396	\$ -	\$ 54,396
Community relations	45	11	34	183	32	210	515	14,085	9,113	23,713	-	23,713
Annual meeting	-	-	-	-	-	-	-	-	2,577	2,577	-	2,577
<b>Total development expenses</b>	<b>325</b>	<b>271</b>	<b>370</b>	<b>4,462</b>	<b>183</b>	<b>3,121</b>	<b>8,732</b>	<b>19,386</b>	<b>75,634</b>	<b>103,752</b>	<b>446,582</b>	<b>550,334</b>
<b>Occupancy Expenses</b>												
Utilities	49,566	62,610	65,880	13,028	14,848	111,466	317,398	8,939	8,929	335,266	-	335,266
Telephone	5,792	4,992	6,592	11,994	6,478	5,185	41,033	10,719	6,586	58,338	-	58,338
Mortgage interest	-	39,125	15,075	-	-	6,547	60,747	-	-	60,747	-	60,747
Rent	928	16	9,495	3,493	6,075	714,044	734,051	-	26,520	760,571	-	760,571
Insurance	14,268	23,942	20,918	7,906	4,420	21,029	92,483	5,085	3,308	100,876	-	100,876
Repairs	143,544	94,187	120,956	17,856	15,490	52,436	444,469	21,367	9,305	475,141	-	475,141
Depreciation and amortization	51,638	320,098	60,871	10,633	7,516	87,358	538,114	22,833	6,484	567,431	-	567,431
<b>Total occupancy expenses</b>	<b>265,736</b>	<b>544,970</b>	<b>299,787</b>	<b>64,910</b>	<b>54,827</b>	<b>998,065</b>	<b>2,228,295</b>	<b>68,943</b>	<b>61,132</b>	<b>2,358,370</b>	<b>-</b>	<b>2,358,370</b>
<b>Total functional expenses</b>	<b>\$ 1,701,203</b>	<b>\$ 2,098,327</b>	<b>\$ 1,743,229</b>	<b>\$ 1,098,828</b>	<b>\$ 1,937,559</b>	<b>\$ 5,456,635</b>	<b>\$ 14,035,781</b>	<b>\$ 1,492,038</b>	<b>\$ 1,229,322</b>	<b>\$ 16,757,141</b>	<b>\$ 446,582</b>	<b>\$ 17,203,723</b>

# Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services						General and Administrative			Total Functional Expenses	Special Events	Total Expenses
	Safehouse Services	Safehouse at WINGS Metro	Transitional Services	Community-based Services	Permanent Housing	Resale Stores	Total Program	Administrative	Development			
<b>Personnel</b>												
Salaries and wages	\$ 878,017	\$ 1,025,744	\$ 432,982	\$ 434,873	\$ 370,072	\$ 940,150	\$ 4,081,838	\$ 721,731	\$ 612,188	\$ 5,415,757	\$ -	\$ 5,415,757
Payroll taxes	65,350	76,380	33,702	30,076	28,170	68,445	302,123	49,073	44,249	395,445	-	395,445
Health insurance	68,183	65,547	47,955	39,130	32,072	66,707	319,594	65,057	21,923	406,574	-	406,574
Workers compensation	11,609	13,633	5,613	5,694	5,242	22,505	64,296	9,889	8,591	82,776	-	82,776
Miscellaneous employee costs	26,890	18,105	13,298	11,258	12,333	32,352	114,236	67,984	27,731	209,951	-	209,951
<b>Total personnel</b>	<b>1,050,049</b>	<b>1,199,409</b>	<b>533,550</b>	<b>521,031</b>	<b>447,889</b>	<b>1,130,159</b>	<b>4,882,087</b>	<b>913,734</b>	<b>714,682</b>	<b>6,510,503</b>	<b>-</b>	<b>6,510,503</b>
<b>Program Expenses</b>												
Rent expense	-	-	218,594	10,020	160,117	-	388,731	-	-	388,731	-	388,731
Food expense	90,049	86,232	3,544	36	3,012	-	182,873	-	-	182,873	-	182,873
Training and development	102,083	105,902	296,607	81,583	315,085	-	901,260	-	-	901,260	-	901,260
Cost of goods sold	-	-	-	-	-	2,470,367	2,470,367	-	-	2,470,367	-	2,470,367
<b>Total program expenses</b>	<b>192,132</b>	<b>192,134</b>	<b>518,745</b>	<b>91,639</b>	<b>478,214</b>	<b>2,470,367</b>	<b>3,943,231</b>	<b>-</b>	<b>-</b>	<b>3,943,231</b>	<b>-</b>	<b>3,943,231</b>
<b>Operations Expenses</b>												
Audit	-	-	-	-	-	-	-	79,520	-	79,520	-	79,520
Bank fees	-	145	1,326	-	313	70,030	71,814	3,979	25,926	101,719	-	101,719
Periodicals	123	112	7	54	22	-	318	476	150	944	-	944
Consultants	1,325	39,696	4,365	200	4,550	29,850	79,986	20,523	3,800	104,309	-	104,309
Equipment	107,253	34,425	5,442	4,030	3,093	1,348	155,591	6,604	4,986	167,181	-	167,181
Equipment rental	4,684	4,950	1,386	682	174	1,734	13,610	3,309	2,885	19,804	-	19,804
Interest expense	-	-	-	-	-	-	-	35,902	-	35,902	-	35,902
Technology	99,649	82,412	26,865	26,533	13,833	47,858	297,150	74,404	31,623	403,177	-	403,177
Legal and accounting	14,854	29,018	-	-	-	4,961	48,833	-	-	48,833	-	48,833
Licenses and fees	399	(159,127)	118	109	662	1,705	(156,134)	50,133	337	(105,664)	-	(105,664)
Meetings and food	631	2,090	397	1,573	838	876	6,405	7,792	5,806	20,003	-	20,003
Memberships and dues	1,257	1,272	572	72	522	420	4,115	1,984	2,486	8,585	-	8,585
Mileage and travel expense	1,790	4,092	7,450	1,142	3,031	518	18,023	3,189	11,163	32,375	-	32,375
Sales tax	-	-	-	-	-	216,552	216,552	-	-	216,552	-	216,552
Supplies	131,582	48,347	12,704	138,772	1,962	53,440	386,807	10,306	(2,728)	394,385	-	394,385
Postage	136	339	-	159	-	-	634	4,222	5,225	10,081	-	10,081
Printing	721	1,177	1,520	2,253	608	5,357	11,636	907	14,376	26,919	-	26,919
Miscellaneous	-	-	-	-	-	-	-	(190)	-	(190)	-	(190)
Vehicles	-	-	-	-	-	43,043	43,043	-	1,861	44,904	-	44,904
<b>Total operations expenses</b>	<b>364,404</b>	<b>88,948</b>	<b>62,152</b>	<b>175,579</b>	<b>29,608</b>	<b>477,692</b>	<b>1,198,383</b>	<b>303,060</b>	<b>107,896</b>	<b>1,609,339</b>	<b>-</b>	<b>1,609,339</b>
<b>Development Expenses</b>												
Special events	-	-	-	-	-	-	-	-	-	-	396,265	396,265
Advertising	-	-	-	-	-	4,130	4,130	-	1,787	5,917	-	5,917
Appeal expense	-	-	-	-	-	-	-	-	17,158	17,158	-	17,158

See notes to consolidated financial statements.

Statement of Functional Expenses (Continued)

Year Ended June 30, 2023

	Program Services						General and Administrative			Total Functional Expenses	Special Events	Total Expenses
	Safehouse Services	Safehouse at WINGS Metro	Transitional Services	Community- based Services	Permanent Housing	Resale Stores	Total Program	Administrative	Development			
Marketing	\$ 83	\$ 232	\$ 83	\$ 3,221	\$ 83	\$ -	\$ 3,702	\$ 1,255	\$ 9,541	\$ 14,498	\$ -	\$ 14,498
Community relations	18	18	18	18	18	200	290	6,931	11,118	18,339	-	18,339
Annual meeting	-	-	-	-	-	-	-	-	6,126	6,126	-	6,126
Total development expenses	101	250	101	3,239	101	4,330	8,122	8,186	45,730	62,038	396,265	458,303
<b>Occupancy Expenses</b>												
Utilities	52,777	57,372	62,411	6,647	13,703	113,509	306,419	7,992	9,941	324,352	-	324,352
Telephone	6,494	7,892	6,191	7,339	4,820	4,765	37,501	7,927	6,650	52,078	-	52,078
Mortgage interest	-	44,726	14,301	-	-	7,018	66,045	-	-	66,045	-	66,045
Rent	-	-	-	-	-	736,074	736,074	-	23,400	759,474	-	759,474
Insurance	15,930	25,826	18,662	600	4,521	20,927	86,466	1,922	1,391	89,779	-	89,779
Repairs	303,987	227,287	125,746	9,999	37,369	44,241	748,629	25,083	11,110	784,822	-	784,822
Depreciation and amortization	54,884	331,253	61,945	3,350	7,338	69,621	528,391	19,880	5,740	554,011	-	554,011
Total occupancy expenses	434,072	694,356	289,256	27,935	67,751	996,155	2,509,525	62,804	58,232	2,630,561	-	2,630,561
Total functional expenses	<b>\$ 2,040,758</b>	<b>\$ 2,175,097</b>	<b>\$ 1,403,804</b>	<b>\$ 819,423</b>	<b>\$ 1,023,563</b>	<b>\$ 5,078,703</b>	<b>\$ 12,541,348</b>	<b>\$ 1,287,784</b>	<b>\$ 926,540</b>	<b>\$ 14,755,672</b>	<b>\$ 396,265</b>	<b>\$ 15,151,937</b>

## Consolidated Statement of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023 (As Restated)
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,097,008	\$ 1,274,331
Adjustments to reconcile change in net assets to net cash, cash equivalents, and restricted cash from operating activities:		
Depreciation and amortization	567,431	554,011
Amortization of right-of-use assets	362,251	336,222
Imputed interest expense	15,075	14,301
Realized loss (gain) on investments	44,449	(16,253)
Unrealized gain on investments	(619,745)	(329,273)
Changes in current assets and liabilities:		
Contracts receivable	1,661,597	(1,931,389)
Contributions receivable	(33,321)	(5,000)
Prepaid expenses and other current assets	(71,931)	(211,656)
Increase in other assets	(1,488)	(8,719)
Accounts payable	(162,815)	33,949
Deferred revenue and deferred rent	211,440	(31,390)
Other current liabilities	(81,520)	103,712
Operating lease liabilities	(362,580)	(331,399)
Net cash, cash equivalents, and restricted cash provided by (used in) operating activities	2,625,851	(548,553)
<b>Cash Flows from Investing Activities</b>		
Purchase of marketable securities	(1,262,538)	(1,720,178)
Proceeds on sale of marketable securities	414,656	843,759
Purchase of fixed assets	(295,462)	(242,464)
Net cash, cash equivalents, and restricted cash used in investing activities	(1,143,344)	(1,118,883)
<b>Cash Flows Used in Financing Activities - Repayments on debt - Mortgage loans</b>	(109,468)	(111,091)
<b>Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash</b>	1,373,039	(1,778,527)
<b>Cash, Cash Equivalents, and Restricted Cash - Beginning of year</b>	1,945,025	3,723,552
<b>Cash, Cash Equivalents, and Restricted Cash - End of year</b>	<b>\$ 3,318,064</b>	<b>\$ 1,945,025</b>
<b>Consolidated Statement of Financial Position Classification of Cash, Cash Equivalents, and Restricted Cash</b>		
Cash and cash equivalents	\$ 3,041,224	\$ 1,680,232
IHDA escrow	229,794	218,225
Security deposit	38,892	38,380
Cash held for others	8,154	8,188
Total cash, cash equivalents, and restricted cash	<b>\$ 3,318,064</b>	<b>\$ 1,945,025</b>
<b>Supplemental Cash Flow Information - Noncash</b>		
Interest paid	\$ 138,462	\$ 32,984
Lease liabilities arising from obtaining right-of-use assets	409,292	-

## Notes to Consolidated Financial Statements

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**June 30, 2024 and 2023**

### **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 23 percent and 24 percent of its total revenue from contributions for the years ended June 30, 2024 and 2023, respectively, and 39 percent and 41 percent of its total revenue from government contracts for the years ended June 30, 2024 and 2023, 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 WM Initiatives 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

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 and WMI (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, 2024 and 2023

### 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 used at the discretion of management. As of June 30, 2024 and 2023, 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, where 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 (U.S. GAAP) 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.

WINGS maintains cash and cash equivalents at several financial institutions, such as JPMorgan Chase Bank, N.A.; Wintrust Bank; Charles Schwab and others, that at times may exceed federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

#### ***Restricted Cash/Cash Held for Others***

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 - Restricted for Endowment***

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. Impairment losses due to a decline in the value of the investment that is other than temporary are recognized when incurred. No impairment losses were recognized for the years ended June 30, 2024 and 2023.

#### ***Government 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 2024 and 2023, there was no allowance recorded.

## Notes to Consolidated Financial Statements

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June 30, 2024 and 2023

### **Note 2 - Significant Accounting Policies (Continued)**

#### ***Fixed Assets***

Fixed assets are carried at cost for current additions, if purchased, or at fair value, if contributed. Depreciation is computed using 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.

#### ***Contributed Nonfinancial Assets***

The value of donated food has been estimated by the Organizations and recorded as in-kind revenue and expenses. Donated professional services offered at the Organizations that are coordinated with the activities of other third-party health and welfare organizations are not reflected in the consolidated financial statements. The Organizations also receive donated goods in their resale stores, which are sold and valued based on the subsequent sales revenue recorded by the stores. See Note 11 for further details.

#### ***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.

#### ***Leases***

The Organizations have operating leases for their resale stores. The Organizations recognize expense for operating leases on a straight-line basis over the lease term. The Organizations recognized operating lease right-of-use assets and related operating lease liabilities equal to the present value of the fixed rental payments over the term of the lease. Operating right-of-use assets are amortized over the remaining term of the lease.

The Organizations have operating leases for program residencies with a lease term of one year or less that the Organizations elected to account for as short-term leases. As these leases are short-term leases, they are not included in the right-of-use asset and lease liability. Total expense related to short-term leases was \$821,281 and \$696,212 for 2024 and 2023, respectively.

The Organizations elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for all resale operating leases.

#### ***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.



## Notes to Consolidated Financial Statements

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June 30, 2024 and 2023

### **Note 2 - Significant Accounting Policies (Continued)**

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The contributions receivable as of June 30, 2024 and 2023 were \$450,000 and \$416,679, respectively. The Organizations have recorded a net present value discount of \$0 and \$33,021 as of June 30, 2024 and 2023, respectively. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. In 2024 and 2023, there was no allowance recorded.

#### ***Government Contracts***

WINGS enters into contracts with certain governmental and private agencies, which are conditioned upon the incurrence of allowable, qualifying expenses. Amounts received are recognized when WINGS has incurred expenditures in compliance with specific contract or grant provisions. Amounts that have not been awarded, but not yet recognized as revenue are treated as conditional contributions and are not reflected in the accompanying financial statements. As of June 30, 2024, WINGS is eligible to receive and recognize approximately \$4,600,000 of these conditional contributions upon the occurrence of future qualifying expenses.

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.

#### ***Revenue Recognition for Contracts with Customers***

The Organizations' revenue streams under contracts with customers are composed of program service fees and resale store sales.

The program service fees relate to monthly rental fee to be recognized at point in time.

During the years ended June 30, 2024 and 2023, the Organizations recognized revenue from contracts with customers of \$2,796,873 and \$2,687,131, respectively, that includes resale store sales. The Organizations did not recognize any impairment losses on trade receivables for the years ended June 30, 2024 and 2023.

Revenue recorded for resale store sales is recorded based on the sale price of goods and services sold and is recorded at the point in time when the sale occurs. Cash is due at the time of sale, and the Organizations do not allow returns or refunds to customers, who predominantly are individuals. The Organizations did not have any trade receivables or contract liabilities recorded at June 30, 2024; June 30, 2023; and July 1, 2023.

#### ***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.

## Notes to Consolidated Financial Statements

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June 30, 2024 and 2023

### **Note 2 - Significant Accounting Policies (Continued)**

#### ***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, 2024 and 2023, sales tax amounted to \$225,762 and \$216,552, 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).

WM Initiatives LLC and WINGS Metro, LLC are single-member LLCs that are treated as disregarded entities 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 members 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.

#### ***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 based on the following:

- Salaried and other personnel costs for support departments - Based on time and effort spent by employee within each function
- Occupancy costs of the main office - Based on the staff count to various cost centers

#### ***Subsequent Events***

The consolidated financial statements and related disclosures include evaluation of events up through and including October 17, 2024, which is the date the consolidated financial statements were issued.

## Notes to Consolidated Financial Statements

**June 30, 2024 and 2023**

### Note 3 - Reclassification

Certain 2023 amounts have been reclassified to conform to the 2024 presentation. The 2023 resale store expenses are now presented as a programmatic expenditure activity, rather than as a separate supporting activity. Total impact was an increase to programmatic expenses by \$4,322,856 and a reduction in supporting expense of \$4,322,856; however, there is no change in total expenses or net assets related to this change. Additionally, a portion of resale expenses that were directly allocated to programmatic columns have been reclassified to the resale stores column now included in program. The total changes between programmatic columns were \$755,847 and have been updated as follows:

	Safehouse Services	Safehouse at WINGS Metro	Transitional Services	Permanent Housing	Community- based Services	Resale Stores	Total Program
As reported June 30, 2023	\$ 2,263,095	\$ 2,355,444	\$ 1,556,307	\$ 1,135,131	\$ 908,515	\$ -	\$ 8,128,492
Reclassification Change	2,040,758 (222,337)	2,175,097 (180,347)	1,403,804 (152,503)	1,023,563 (111,568)	819,423 (89,092)	5,078,703 5,078,703	12,541,348 4,322,856

### Note 4 - Commitments

#### ***Not-for-profit***

WINGS enters into contracts for space for its events in advance. As of June 30, 2024 and 2023, WINGS is liable for \$43,500 and \$45,000, respectively, in the event of cancellation of all its upcoming events.

#### ***WINGS Metro, LLC***

WINGS Metro, 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 amount of the construction grant awarded by DPD totaled \$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.

Grant income recognized related to the DPD grant was \$0 for the years ended June 30, 2024 and 2023. Deferred grant revenue related to the DPD grant is \$600,000 at June 30, 2024 and 2023.

#### ***Chicago Low-income Housing Trust Fund (CLIHTF)***

The amount of the construction grant awarded by CLIHTF totaled \$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.

## Notes to Consolidated Financial Statements

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**June 30, 2024 and 2023**

### **Note 4 - Commitments (Continued)**

Grant income recognized related to the CLIHTF grant was \$0 for the years ended June 30, 2024 and 2023. Deferred grant revenue related to the CLIHTF grant is \$280,000 at June 30, 2024 and 2023.

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.

#### ***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 expires; however, the LLC believes that recording the land as an asset of the LLC is appropriate at June 30, 2024 and 2023 due to the remote likelihood of noncompliance and default of the grant agreements.

### **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 the Organizations 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.

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. The Organizations' assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables present information about the Organizations' assets measured at fair value on a recurring basis at June 30, 2024 and 2023 and the valuation techniques used by the Organizations to determine those fair values:

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 5 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2024			
	Quoted Prices in			
	Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Other Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
<b>Investments</b>				
Mutual funds:				
U.S. fixed income	\$ 1,284,176	\$ -	\$ -	\$ 1,284,176
International bonds	368,937	-	-	368,937
Total mutual funds	1,653,113	-	-	1,653,113
Equities:				
U.S. large cap	2,270,171	-	-	2,270,171
U.S. mid cap	593,232	-	-	593,232
U.S. small cap	330,298	-	-	330,298
Emerging market	282,354	-	-	282,354
Global	91,966	-	-	91,966
Energy infrastructure	160,179	-	-	160,179
Total equities	3,728,200	-	-	3,728,200
Real estate funds	234,097	-	-	234,097
Equity funds	904,605	-	-	904,605
Total investments	\$ 6,520,015	\$ -	\$ -	\$ 6,520,015

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2023 (As Restated)			
	Quoted Prices in			
	Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Other Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
<b>Investments</b>				
Mutual funds:				
U.S. fixed income	\$ 968,189	\$ -	\$ -	\$ 968,189
International bonds	290,000	-	-	290,000
Total mutual funds	1,258,189	-	-	1,258,189
Equities:				
U.S. large cap	1,743,152	-	-	1,743,152
U.S. mid cap	449,792	-	-	449,792
U.S. small cap	272,217	-	-	272,217
Emerging market	303,627	-	-	303,627
Global	156,495	-	-	156,495
Energy infrastructure	149,126	-	-	149,126
Total equities	3,074,409	-	-	3,074,409
Real estate funds:				
Real estate funds	119,737	-	-	119,737
Equity funds	650,456	-	-	650,456
Total investments	\$ 5,102,791	\$ -	\$ -	\$ 5,102,791

## Notes to Consolidated Financial Statements

**June 30, 2024 and 2023**

### Note 5 - Fair Value Measurements (Continued)

Not included in the above tables is \$16,385 and \$10,431 of money market funds as of June 30, 2024 and 2023, 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, 2024 and 2023 was as follows:

	2024	2023
Land	\$ 1,191,989	\$ 1,191,989
WINGS Metro, LLC land and improvements	383,743	383,743
Buildings and improvements	14,971,952	14,575,128
Furniture and fixtures	432,828	432,828
Computer equipment and software	220,285	220,285
Vehicles	171,832	170,832
Construction in progress	15,315	117,719
Total cost	17,387,944	17,092,524
Less accumulated depreciation	5,638,832	5,071,443
Net book value	\$ 11,749,112	\$ 12,021,081

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 was \$567,431 and \$554,011, respectively.

### Note 7 - Line of Credit

On May 3, 2022, WINGS entered into a secured revolving line of credit agreement with Wintrust Bank, N.A. to expire on May 3, 2025. The line of credit is not to exceed \$750,000 and bears a variable interest rate not to be less than 2.99 percent. The line is collateralized by substantially all assets of WINGS. The outstanding balance on the line of credit is \$0 as of June 30, 2024 and 2023.

### Note 8 - Mortgage Loans and Other Notes Payable

Mortgage loans payable at June 30, 2024 and 2023 are as follows:

	2024	2023
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, 2024 and 2023 was \$443,500 and \$448,300, respectively. Imputed interest as of June 30, 2024 and 2023 was \$175,590 and \$190,665, respectively, at 5.75 percent	\$ 267,910	\$ 254,035
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

**Notes to Consolidated Financial Statements**

**June 30, 2024 and 2023**

**Note 8 - Mortgage Loans and Other Notes Payable (Continued)**

	<u>2024</u>	<u>2023</u>
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 balance of \$294,191 and \$2,286.47 payable monthly, including interest at a rate of 2.435 percent per annum; due on August 9, 2024. This loan agreement is subject to certain financial covenants related to debt service coverage ratio	\$ 216,022	\$ 234,014
Wintrust Bank, N.A. loan dated May 3, 2022 for \$496,811, with \$3,564.40 payable monthly, including interest at 3.50 percent; due on May 3, 2029	442,554	469,065
Wintrust Bank, N.A. loan dated June 10, 2022 for \$1,195,147, with \$8,574.18 payable monthly, including interest at 3.50 percent; due on June 10, 2029	<u>1,064,643</u>	<u>1,128,408</u>
Total mortgage loans payable	<u>\$ 2,320,108</u>	<u>\$ 2,414,501</u>

Maturities of the mortgage loans are as follows:

<u>Years Ending</u>	<u>Amount</u>
2025	\$ 309,804
2026	246,835
2027	279,836
2028	104,264
2029	1,117,455
Thereafter	434,660
Less interest factor	<u>(172,746)</u>
Total	<u>\$ 2,320,108</u>

For the years ended June 30, 2024 and 2023, WINGS paid interest for all mortgage loans payable and the line of credit in Note 7 in the amount of \$45,672 and \$51,744, respectively. The remainder was imputed interest expense related to the interest-free notes.



## Notes to Consolidated Financial Statements

**June 30, 2024 and 2023**

### **Note 9 - Net Assets with Donor Restrictions**

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

	2024	2023
Subject to expenditures for a specified purpose or time restrictions:		
McCabe House	\$ 147,649	\$ 146,105
Building Safer Futures Fund	796,970	905,817
A New Direction	183,836	215,889
Restricted to programs	987,596	836,499
Fire Relief Fund	201,798	201,798
Endowment earnings	3,456,934	2,703,639
Interfund borrowing interest	29,815	28,475
Imputed interest	177,041	192,116
Total subject to expenditures for a specified purpose or time restrictions	5,981,639	5,230,338
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	\$ 8,540,726	\$ 7,789,425

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 2024 and 2023, which resulted in interest expense of \$1,340 and \$2,345, respectively. During 2024 and 2023, WINGS paid \$3,010 and \$0, respectively, on the accumulated interest. The outstanding loan as of June 30, 2024 is \$76,805 and includes \$26,805 of accumulated interest. The outstanding loan as of June 30, 2023 is \$78,475 and includes \$28,475 of accumulated interest.

### **Note 10 - 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.



## Notes to Consolidated Financial Statements

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June 30, 2024 and 2023

### **Note 10 - Endowment (Continued)**

#### ***Interpretation of Relevant Law***

WINGS is subject to the State Prudent Management of Institutional Funds Act 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
- 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 2024 and 2023, which resulted in interest expense of \$8,710 and \$16,080, respectively. The balance of the endowment loan was \$46,990 and \$691,120 as of June 30, 2024 and 2023, respectively. WINGS is currently in pursuit of state capital funding to repay the remaining loan balance.

#### ***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 2024 and 2023.

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

Note 10 - Endowment (Continued)

*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, 2024 and 2023.

Information regarding the endowment net assets as of June 30, 2024 and 2023 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, 2024				
	Without Donor Restrictions	With Donor Restrictions and Subject to Appropriation	With Donor Restrictions to be Maintained in Perpetuity	Total
Donor-designated endowment funds	\$ (46,990)	\$ 3,456,934	\$ 2,336,337	\$ 5,746,281

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2024				
	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	\$ (691,120)	\$ 2,703,639	\$ 2,336,337	\$ 4,348,856
Repayment on endowment loan	652,840	-	-	652,840
Investment income	-	186,008	-	186,008
Investment expense	-	(4,313)	-	(4,313)
Interfund borrowing interest expense	(8,710)	8,710	-	-
Net appreciation (realized and unrealized)	-	562,890	-	562,890
Endowment net assets - End of year	\$ (46,990)	\$ 3,456,934	\$ 2,336,337	\$ 5,746,281

Endowment Net Asset Composition by Type of Fund as of June 30, 2023				
	Without Donor Restrictions	With Donor Restrictions and Subject to Appropriation	With Donor Restrictions to be Maintained in Perpetuity	Total
Donor-designated endowment funds	\$ (691,120)	\$ 2,703,639	\$ 2,336,337	\$ 4,348,856

## Notes to Consolidated Financial Statements

**June 30, 2024 and 2023**

### Note 10 - Endowment (Continued)

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2023				
	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	\$ (675,040)	\$ 2,229,980	\$ 2,336,337	\$ 3,891,277
Investment income	-	140,262	-	140,262
Investment expense	-	(16,627)	-	(16,627)
Interfund borrowing interest expense	(16,080)	16,080	-	-
Net appreciation (realized and unrealized)	-	333,944	-	333,944
Endowment net assets - End of year	<u>\$ (691,120)</u>	<u>\$ 2,703,639</u>	<u>\$ 2,336,337</u>	<u>\$ 4,348,856</u>

### Note 11 - Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized within the consolidated statement of activities consisted of the following for June 30:

	2024	2023
Goods	\$ 3,042,751	\$ 2,863,399
Gift certificates	13,501	15,208
Services	15,600	19,815
Facilities	21,354	21,569
Total	<u>\$ 3,093,206</u>	<u>\$ 2,919,991</u>

Contributed goods are comprised of donated clothing, furniture, and household items for resale stores and food donated and distributed to program members. The goods are valued and recorded at their estimated fair value in the financial statements based on market value for similar priced goods 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.

Contributed gift cards are valued and recorded based on the market value of the gift card at the date of donation and are used for program needs.

Contributed services comprise of services that enhance a nonfinancial asset or are specialized skills that would be purchased if they were not donated. The contributed services are valued and recorded at their estimated fair value in the financial statements based on current rates for similar professional services.

Contributed use of facilities are valued and recorded at its estimated fair value in the financial statements based on market rental rates for similar real estate properties in the area. Such donations are reported as unrestricted support.

WINGS received 53,550 and 47,305 hours of volunteer time in the years ended June 30, 2024 and 2023, 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.

## Notes to Consolidated Financial Statements

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**June 30, 2024 and 2023**

### **Note 12 - Leases**

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. On September 21, 2021, an amendment was signed extending the lease for eight years to July 31, 2029. Monthly rent expense is \$13,883, 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 \$9,572, plus an annually determined amount for common area costs, as well as real estate taxes. On June 6, 2024, the lease was amended to expand the original premises and include additional square footage and extend the lease to June 30, 2028. Monthly rent expense is \$13,292, 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. On August 31, 2020, an amendment was signed adding space and extending the lease for five and a half more years. Monthly rent expense is \$17,270, plus an annually determined amount for common area costs as well as real estate taxes.

In February 2024, WINGS entered into an operating lease agreement effective February 1, 2024 for the office space at 3501 Algonquin Road, Rolling Meadows, Illinois for five years. Monthly rent expense is \$3,719, plus utilities, and base rent increases each year by 3 percent.

In connection with the operating leases for 1302 North Rand Road and 300 West Golf Road, the Organizations were granted lease incentives related to deferred rent. Lease incentives are treated as a reduction of the right-of-use asset and are recognized as a reduction in lease expense on a straight-line basis over the term of the lease.

There are numerous one-year operating leases for program residences as of June 30, 2024. These are funded under contracts with the U.S. Department of Housing and Urban Development, as well as collaborations with other community agencies.

The right-of-use asset and related lease liability have been calculated using discount rates ranging from 2.88 percent to 2.92 percent. The leases require the Organizations to pay taxes, utilities, and maintenance costs. Total rent expense under these leases was \$1,451,861 and \$1,383,382 for 2024 and 2023, respectively.

**Notes to Consolidated Financial Statements**

**June 30, 2024 and 2023**

**Note 12 - Leases (Continued)**

Future minimum annual commitments under these operating leases are as follows:

Years Ending June 30	Amount
2025	\$ 497,100
2026	491,778
2027	529,387
2028	530,823
2029	521,261
Thereafter	<u>671,085</u>
Total	3,241,434
Less amount representing interest	<u>347,215</u>
Present value of net minimum lease payments	2,894,219
Less current obligations	<u>403,949</u>
Long-term obligations under leases	<u><u>\$ 2,490,270</u></u>

Expenses recognized under these leases for the years ended June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Finance lease cost	\$ -	\$ -
Operating lease cost	441,652	423,578
Short-term lease cost	821,281	696,212
Variable lease cost	188,928	263,592
Other information:		
Weighted-average remaining lease term (years) - Operating leases	6.18 years	8.36
Weighted-average discount rate - Operating leases	3.5 %	2.9 %

**Note 13 - 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 on March 31, 2023. Upon the expiration date, the lease moves to a month-to-month lease with a 90 day notice of cancellation. Approximately \$0 and \$79,000 of rental income was earned for the years ended June 30, 2024 and 2023, respectively. This arrangement terminated with the lease period ended March 31, 2023.

## Notes to Consolidated Financial Statements

**June 30, 2024 and 2023**

### Note 14 - 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 years ended June 30, 2024 and 2023, the total employer contribution expense was \$26,649 and \$20,325, respectively.

### Note 15 - 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:

	2024	2023 (As Restated)
Cash and cash equivalents	\$ 3,041,224	\$ 1,680,232
Investments - Unrestricted	790,119	764,366
Government contracts receivable	1,272,670	2,934,267
Contributions receivable - Net	450,000	416,679
Investments - Restricted	5,746,281	4,348,856
NMTC loan receivable	1,000	1,000
Financial assets - At year end	11,301,294	10,145,400
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	2,524,705	2,526,699
Contributed property	222,750	222,750
Endowment funds	5,793,271	5,039,976
Internal designations - Board designations - Quasi-endowment fund, primarily for long-term investing	1,394,063	1,421,069
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,366,505	\$ 934,906

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, 2024 and 2023, 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.

### Note 16 - Employee Retention Credit

WINGS Program, Inc. filed for the Employee Retention Credit (ERC) as expanded by the Consolidated Appropriations Act in the amount of \$321,504 during fiscal year 2021. The amount has been recorded and recognized as other income on the accompanying consolidated statement of activities during the year ended June 30, 2023. An amount of \$25,983 as of June 30, 2024 and 2023 is still included as an outstanding receivable balance and is included in other assets on the accompanying consolidated statement of financial position.

## Notes to Consolidated Financial Statements

**June 30, 2024 and 2023**

### Note 17 - Prior Period Adjustment

The accompanying financial statements for 2023 have been restated to correct a presentation error on the consolidated statement of financial position and consolidated statement of cash flows and disclose investment balances that were previously included as cash and cash equivalents. There is no effect to net income or net assets for 2023.

The following financial statement line items for fiscal year 2023 were affected by the change:

#### Consolidated Statement of Financial Position June 30, 2023

	As Reported June 30, 2023	As Restated	Effect of Change
Cash and cash equivalents	\$ 2,444,598	\$ 1,680,232	\$ (764,366)
Investments - Unrestricted	-	764,366	764,366
	\$ 2,444,598	\$ 2,444,598	-

#### Consolidated Statement of Cash Flows Year Ended June 30, 2023

	As Reported June 30, 2023	As Restated	Effect of Change
Purchase of marketable securities	\$ (660,057)	\$ (1,720,178)	\$ (1,060,121)
Proceeds on sale of marketable securities	548,004	843,759	295,755
Net cash, cash equivalents, and restricted cash used in investing activities	(354,517)	(1,118,883)	(764,366)
Cash, cash equivalents and restricted cash - End of year	2,709,391	1,945,025	(764,366)