



April 28, 2008

RE: Board of Directors' Introduction to the Consolidated Audited Financial Statements for the period ending December 31, 2007

Dear Supporter:

As the Women's Institute continues to increase its affordable housing development through partnerships, consulting and its own development and ownership activities, reporting requirements and fiscal activities have warranted a change to our audit presentation. For the first time, our financial statements have been consolidated with our affiliate organizations *Women's Institute Realty, Inc.* and *Women's Institute Realty of Connecticut, Inc.*, which serve as development entities in Massachusetts and Connecticut, respectively. Each entity is commonly controlled by the management of the Women's Institute and has a comparable mission of creating affordable housing for low-income individuals and families.

A second change to our audit presentation aims to more clearly report fiscal activity as it relates to our direct development activities, which occasionally create unusual surpluses or deficits in the proper recognition of site acquisitions, funding pass-throughs, and other project-specific transactions. To that end, our real estate investment activities have been separated from our regular operating activity in these statements.

At the close of FY2007, the Women's Institute recognized a decrease in unrestricted net assets of \$31,576, but an overall gain in net assets of \$470,272. These variances result from our direct development activities. Beginning in FY2006 and continuing through FY2007, the Women's Institute has been in the process of developing two affordable housing projects that will create 150 new units of affordable housing. As the direct developer of these projects, both up-front staff time and out-of-pocket project costs span across fiscal years, with compensation occurring at various benchmarks later in the process, such as finance closings, construction completions and stabilized operations.

The Women's Institute takes a conservative approach to reporting fees within direct development projects by electing to recognize the income derived from developer fees when earned and available from project funds. In FY2007, the Women's Institute accrued but did not recognize approximately \$42,000 in fees on Park City Apartments. During FY2008, we expect to close on construction financing, at which time a portion of the developer fee will be released and these fees will be recognized as income, as well as approximately \$102,000 of deferred fees from FY2006.

In addition, the Women's Institute received \$488,030 in State of Connecticut Housing Tax Credit Contribution (HTCC) funds for Park City Apartments that will serve as a revenue source for the development of the project. These funds have been categorized under *Project Equity Grants* and will remain temporarily restricted until project construction begins. This significant infusion of project-specific revenue has created an unusual asset gain, which is more fully described in Footnote #1 and #10.

The Board of Directors continues to strategically position the Women's Institute to build homes and opportunity for low-income individuals and families in our region. The board is pleased to report on the continued stability and success of the organization and values your questions or comments.

Sincerely,

Nancy Sampson
Treasurer, Board of Directors

Loni Willey
Executive Director

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**WOMEN'S INSTITUTE FOR HOUSING AND
ECONOMIC DEVELOPMENT, INC. AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2007 AND 2006

**WOMEN'S INSTITUTE FOR HOUSING AND
ECONOMIC DEVELOPMENT, INC. AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007 AND 2006

Mission Statement and Organization Priorities

The mission of Women's Institute for Housing and Economic Development is to build affordable housing that fosters economic security for low-income women and families. Women's Institute strategically packages affordable housing with complementary services and programs to increase economic stability for low-income individuals and families, and to also provide ongoing support to residents for whom homelessness has been intertwined with chronic health issues, long-term poverty, a history of psychological and emotional trauma, and/or inadequate independent living skills.

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007 AND 2006

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Linda M. Smith, CPA, P.C.

*Accounting and Auditing
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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Women's Institute for Housing
and Economic Development, Inc.
Boston, Massachusetts

We have audited the accompanying consolidated statement of financial position of Women's Institute for Housing and Economic Development, Inc. (a Massachusetts nonprofit organization) and Affiliates as of December 31, 2007, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based upon our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Women's Institute for Housing and Economic Development, Inc. and Affiliates as of December 31, 2007 and the changes in their net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. The financial statements for the year ended December 31, 2006 are presented for comparative purposes only. The financial information for that period was extracted from the financial statements presented for that year, on which an unqualified opinion dated March 6, 2007 was expressed.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The consolidating schedules on pages 21 and 22 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Linda M. Smith CPA PC

Westborough, Massachusetts
April 9, 2008

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2007 AND 2006

<u>ASSETS</u>	<u>OPERATING FUNDS</u>	<u>REAL ESTATE INVESTMENTS</u>	<u>CONSOLIDATED NET ASSETS</u>	
			<u>2007</u>	<u>2006</u>
<u>CURRENT ASSETS:</u>				
Cash and Cash Equivalents <i>(Notes 3 and 10)</i>	\$330,512	\$ 523,842	\$ 854,354	\$ 485,988
Accounts Receivable, Program Services <i>(Notes 3 and 7)</i>	118,814	-	118,814	111,222
Due From Affiliates <i>(Note 7)</i>	13,590	125,719	139,309	26,543
Short-Term Project Advances <i>(Note 1)</i>	-	68,472	68,472	11,717
Prepaid Expenses/Deferred Items	29,349	-	29,349	33,019
Total Current Assets	<u>492,265</u>	<u>718,033</u>	<u>1,210,298</u>	<u>668,489</u>
<u>NET PROPERTY AND EQUIPMENT</u> <i>(Note 3)</i>	<u>6,408</u>	<u>-</u>	<u>6,408</u>	<u>12,305</u>
<u>OTHER ASSETS:</u>				
Long-Term Investments <i>(Note 3)</i>	99,750	-	99,750	101,202
Real Estate Investments <i>(Note 1)</i>	-	230,401	230,401	230,349
Notes and Loans Receivable <i>(Notes 1 and 7)</i>	25,000	805,085	830,085	745,886
Security Deposits	3,772	-	3,772	4,212
Organization Costs <i>(Note 3)</i>	-	10,080	10,080	-
Total Other Assets	<u>128,522</u>	<u>1,045,566</u>	<u>1,174,088</u>	<u>1,081,649</u>
<u>TOTAL ASSETS</u>	<u>\$627,195</u>	<u>\$1,763,599</u>	<u>\$2,390,794</u>	<u>\$1,762,443</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES:</u>				
Working Capital Lines-of-Credit <i>(Note 4)</i>	\$125,000	\$ -	\$ 125,000	\$ 75,000
Pre-Development Loan <i>(Note 4)</i>	-	25,000	25,000	25,000
Accounts Payable and Accrued Expenses	29,882	52,163	82,045	18,933
Accrued Payroll and Related Expenses	41,445	-	41,445	37,714
Deferred Revenue <i>(Note 5)</i>	-	-	-	12,800
Deposits Held/Escrow Funds	8,163	45,873	54,036	-
Total Current Liabilities	<u>204,490</u>	<u>123,036</u>	<u>327,526</u>	<u>169,447</u>
<u>NET ASSETS:</u> <i>(Note 3)</i>				
Unrestricted Net Assets	-	1,152,533	1,152,533	1,027,135
Unrestricted Board Designated:				
Operating Reserve	144,434	-	144,434	253,146
Strategic Initiatives Fund	21,738	-	21,738	70,000
Temporarily Restricted Net Assets	156,533	488,030	644,563	142,715
Permanently Restricted Net Assets	100,000	-	100,000	100,000
Total Net Assets	<u>422,705</u>	<u>1,640,563</u>	<u>2,063,268</u>	<u>1,592,996</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$627,195</u>	<u>\$1,763,599</u>	<u>\$2,390,794</u>	<u>\$1,762,443</u>

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2007

(With Comparative Totals for 2006)

	UNRESTRICTED				TOTAL ACTIVITIES	
	GENERAL OPERATIONS	REAL ESTATE INVESTMENTS	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2007	2006
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>						
<i>Support and Contributions:</i>						
Foundation and Corporate Grants	\$ 75,350	\$ -	\$ 136,250	\$ -	\$ 211,600	\$ 168,962
Project Equity Grants <i>(Notes 1 and 10)</i>	-	-	513,030	-	513,030	-
Individual Contributions	33,945	-	-	-	33,945	47,956
Value of In-Kind Services <i>(Note 6)</i>	5,324	-	-	-	5,324	21,002
Special Events, Net of Direct Costs <i>(Note 5)</i>	63,574	-	-	-	63,574	16,855
Total Support and Contributions	178,193	-	649,280	-	827,473	254,775
<i>Program Services:</i>						
Project Management Fees and Reimbursed Costs <i>(Notes 1, 3 and 7)</i>	611,069	-	-	-	611,069	547,027
<i>Other Revenues:</i>						
Interest and Dividend Income <i>(Note 3)</i>	11,952	34,199	6,638	-	52,789	49,089
Investment Gains <i>(Note 3)</i>	727	-	-	-	727	729
Land Rent <i>(Notes 1 and 7)</i>	-	4,800	-	-	4,800	4,800
Other Miscellaneous Revenues	882	569	-	-	1,451	2,757
Total Other Revenues	13,561	39,568	6,638	-	59,767	57,375
<i>Net Assets Released from Restrictions:</i>						
Fulfillment of Program Requirements	129,070	25,000	(154,070)	-	-	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	931,893	64,568	501,848	-	1,498,309	859,177
<u>FUNCTIONAL EXPENSES:</u>						
Program Services	771,938	11,755	-	-	783,693	716,274
Administrative	133,598	61	-	-	133,659	155,221
Fund Raising	110,685	-	-	-	110,685	132,068
<u>TOTAL FUNCTIONAL EXPENSES</u>	1,016,221	11,816	-	-	1,028,037	1,003,563
<u>CHANGE IN NET ASSETS</u>	(84,328)	52,752	501,848	-	470,272	(144,386)
<u>TRANSFER OF NET ASSETS:</u>						
Operating Net Assets Used for Real Estate Activities	(135,630)	135,630	-	-	-	-
<u>NET ASSETS - JANUARY 1</u>	386,130	964,151	142,715	100,000	1,592,996	1,737,382
<u>NET ASSETS - DECEMBER 31</u>	\$ 166,172	\$1,152,533	\$ 644,563	\$100,000	\$2,063,268	\$1,592,996

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2007

(With Comparative Totals for 2006)

	<u>OPERATIONS</u>				<u>TOTAL</u>	
	<u>PROGRAM</u>	<u>ADMINI-</u>	<u>FUND</u>	<u>REAL ESTATE</u>	<u>FUNCTIONAL EXPENSES</u>	
	<u>SERVICES</u>	<u>STRATIVE</u>	<u>RAISING</u>	<u>INVESTMENTS</u>	<u>2007</u>	<u>2006</u>
Salaries	\$497,515	\$ 60,673	\$ 48,538	\$ -	\$ 606,726	\$ 549,264
Payroll Taxes and Fringe Benefits <i>(Note 11)</i>	107,831	13,150	10,520	-	131,501	124,252
Accounting and Auditing Services	-	13,001	-	-	13,001	11,788
Other Professional Fees/Consultants <i>(Note 6)</i>	27,346	2,408	23,645	-	53,399	89,043
Occupancy Costs <i>(Notes 8 and 9)</i>	58,398	10,571	8,810	-	77,779	66,950
Office Supplies and Expenses	7,446	1,560	2,541	-	11,547	11,747
Printing and Reproduction Costs	4,586	3,075	827	-	8,488	14,717
Postage and Courier	2,325	1,385	791	-	4,501	5,423
Telephone, Fax and Internet	9,120	1,120	743	-	10,983	8,411
Travel, Meetings and Conferences	26,289	5,311	173	-	31,773	28,453
General and Project Based Liability Insurance	6,218	2,832	607	-	9,657	7,347
Equipment Rental and Maintenance <i>(Note 9)</i>	8,206	2,136	1,073	-	11,415	7,330
Depreciation of Equipment <i>(Note 3)</i>	7,191	877	702	-	8,770	8,524
Line-of-Credit Fees and Interest	-	7,965	-	-	7,965	5,296
Indirect Costs of Special Events <i>(Note 5)</i>	-	-	11,618	-	11,618	12,354
Project Costs	6,570	-	-	-	6,570	13,712
Subsidiary Management Costs	-	-	-	11,755	11,755	6,653
Miscellaneous Other Costs	<u>2,897</u>	<u>2,271</u>	<u>97</u>	<u>-</u>	<u>5,265</u>	<u>11,297</u>
Subtotal	771,938	128,335	110,685	11,755	1,022,713	982,561
Value of In-Kind Services <i>(Note 6)</i>	<u>-</u>	<u>5,324</u>	<u>-</u>	<u>-</u>	<u>5,324</u>	<u>21,002</u>
Total Functional Expenses	<u>\$771,938</u>	<u>\$133,659</u>	<u>\$110,685</u>	<u>\$11,755</u>	<u>\$1,028,037</u>	<u>\$1,003,563</u>

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 470,272	\$(144,386)
<i>Adjustments to Reconcile the Above to Net Cash</i>		
<i>Provided (Used) by Operating Activities:</i>		
Grants Restricted for Long-Term Investment	(513,030)	-
Accrued Interest on Notes Receivable	(34,199)	(32,314)
Investment Income	(4,679)	(5,289)
Depreciation Expense	8,770	8,524
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable, Program Service Revenue	(27,751)	268,171
Prepaid Expenses/Deferred Items	3,670	(23,635)
Short-Term Project Advances	(56,755)	(11,717)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	66,843	(32,181)
Deferred Revenue	(12,800)	12,800
Deposits Held/Escrow Funds	54,036	-
<i>(Increase) Decrease in Other Assets:</i>		
Return of Security Deposit	440	-
Cash Outlay for Organization Costs	(10,082)	-
Net Adjustment	<u>(525,537)</u>	<u>184,359</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>(55,265)</u>	<u>39,973</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of Investments	(398,303)	(99,756)
Proceeds from Investment Sales and Redemptions	405,417	106,883
(Increase) Decrease in Real Estate Investments	(52)	(21)
Net (Loans) to Affiliates and Repayments	(117,607)	3,000
Other Loans Made	(25,000)	-
Purchases of Office Equipment and Furniture	(2,874)	(2,136)
Investment Income Transferred to Operating Account	(980)	2,366
Net Cash Flows From Investing Activities	<u>(139,399)</u>	<u>10,336</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Proceeds from (Repayment of) Notes Payable	50,000	100,000
Proceeds from Grants Restricted for Real Estate Investments	513,030	-
Net Cash Flows From Financing Activities	<u>563,030</u>	<u>100,000</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	<u>368,366</u>	<u>150,309</u>
<u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u>	<u>485,988</u>	<u>335,679</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>\$ 854,354</u>	<u>\$ 485,988</u>
 <i>Supplemental Disclosures:</i>		
Interest Paid	\$ 7,965	\$ 3,046
Income Taxes Paid	\$ -	\$ -

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

NOTE 1 ORGANIZATION, AFFILIATIONS AND REAL ESTATE INVESTMENTS

The Women's Institute for Housing and Economic Development, Inc. ("Women's Institute" or the "Organization") was formed in 1981 to improve housing and economic opportunities for low-income people, particularly to serve the unmet needs of low-income women and their families. The Women's Institute was organized under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. The Women's Institute has been classified as an organization which is not a private foundation under Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

The Women's Institute's mission is to build affordable housing that fosters economic security for low-income women and families. The Organization's primary objectives are:

- **Real Estate Development** of affordable housing with program and community facilities;
- **Capacity Building** of non-profit organizations in housing development and asset management; and
- **Partnerships** with organizations that provide supportive programs to residents of affordable housing and surrounding communities.

Affiliations:

The Women's Institute is affiliated with the following Organizations, which have been established to serve as the primary development organizations for real estate development and ownership activities of the Women's Institute. Due to varying requirements of development partners and funders, real estate development activities are also occasionally performed under Women's Institute. (Refer to Schedule of Affiliates)

Women's Institute Realty, Inc.

The Women's Institute is affiliated with Women's Institute Realty, Inc. (WIR - MA), a related organization which was organized in December 1994 in the Commonwealth of Massachusetts and was retroactively approved for tax-exempt status in 1995 in accordance with the above-noted provisions of the Internal Revenue Code. WIR - MA operates as a developer of real estate properties to be used for affordable and low-income housing in Massachusetts. The Executive Director of the Women's Institute also serves as the Executive Director of WIR - MA. For the year presented, WIR - MA was inactive.

Women's Institute Realty of Connecticut, Inc.

The Women's Institute is affiliated with Women's Institute Realty of Connecticut, Inc. (WIR - CT), a related organization which was organized in May 2007 as a non-stock corporation in the State of Connecticut. As of December 31, 2007, an application for tax-exempt status was pending with the Internal Revenue Service. WIR - CT operates as a developer of real estate to be used for affordable and low-income housing in Connecticut. The Executive Director of the Women's Institute also serves as the Executive Director of WIR - CT.

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

NOTE 1 *(Continued)*

Real Estate Investments:

The Women's Institute operates as a regional affordable housing developer, serving as both a direct developer of properties as well as a development consultant to communities and non-profit organizations. As of December 31, 2007, the Women's Institute or its affiliates had an ownership and/or long-term partnership interest in the following projects and entities:

Acushnet Commons, New Bedford, MA (an investment of Women's Institute)

Acushnet Commons Limited Partnership (ACLP), a limited partnership, and Acushnet Housing, Inc. (AHI), a for-profit corporation, were established in January 2004 to facilitate the acquisition, renovation, and operation of a property known as Acushnet Commons in New Bedford, Massachusetts. The development is used for low-income residential housing, commercial space for a non-profit tenant, and community space.

The Women's Institute owns 79% of the common stock of AHI, with South Shore Housing Development Corporation, an unrelated charitable organization, holding the remaining 21%. The Women's Institute unconditionally guarantees the performance of AHI in its role as general partner of ACLP.

The land and building were donated to Women's Institute by another non-profit organization. Women's Institute retained ownership of the land and sold the building to ACLP for \$634,872. Of the selling price, Women's Institute received 10% of the assessed value of the building as a down payment and holds a mortgage from ACLP for the balance of \$571,385. Interest income accrued for the years ended December 31, 2007 and 2006 amounted to \$34,199 and \$32,314, respectively. The mortgage agreement stipulates that no payments are expected against the principal or interest balance; therefore, the entire loan and accrued interest is classified as a long-term asset in the accompanying Consolidated Statement of Financial Position. As of December 31, 2007 and 2006, the note balance included accrued interest of \$98,700 and \$64,501, respectively.

In connection with the Acushnet Commons project, the Women's Institute had raised \$110,000 in restricted grants for "sponsor equity" into the project. Those grants were transferred to ACLP in December 2004. The sponsorship equity injection is structured as an interest free loan, with no payments scheduled during the 15-year period following project completion. Therefore, the balance of \$110,000 will be carried as a long-term asset in the accompanying Consolidated Statement of Financial Position. These mortgage notes are secured by real estate and are considered fully collectible.

A separate land lease was signed, whereby Women's Institute has leased the land to ACLP for 99 years at an annual rate of \$4,800, commencing November 15, 2004. The value of the land is reported as a real estate investment in the Consolidated Statements of Financial Position.

Capernaum Place, Lawrence, MA (an investment of Women's Institute)

The Women's Institute served as development consultant to Lazarus House, Inc. in developing 20 units of affordable rental housing in a project known as Capernaum Place in Lawrence, MA. The Women's Institute agreed to serve as the minority partner of Lazarus Hope Housing, Inc., the general partner entity for Lazarus Hope LLC, a limited partnership established on behalf of Capernaum Place.

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

NOTE 1 (Continued)

The Women's Institute owns 21% of the common stock of Lazarus Hope Housing, Inc. This project was complete and occupied as of December 2007.

Indian Field Apartments, New Milford, CT (an investment of Women's Institute)

Indian Field Limited Partnership (IFLP), a limited partnership, and Indian Field Housing Corporation (IFHC), a for-profit corporation, were established in December 2006 to facilitate the acquisition, construction, and operation of a property to be known as Indian Field Apartments in New Milford, Connecticut. Once completed, the development will provided permanent rental housing for a range of low-income families. The project entered construction in November 2007.

The Women's Institute owns 51% of the common stock of IFHC, with New Milford Affordable Housing, Inc. an unrelated organization, holding the remaining 49%. The Women's Institute unconditionally guarantees the performance of IFHC in its role as general partner of IFLP.

As of December 31, 2007, the Women's Institute had received development fees associated with this project in the amount of \$152,261, which are recognized in *Project Management Fees and Reimbursed Costs* in the Consolidated Statement of Activities. As of December 31, 2007 and 2006, unrecognized accrued project management fees associated with this project amounted to \$3,969 and \$15,230, respectively. The Women's Institute will recognize additional project management and development revenue when the fees are legally collectible, which is expected to be at construction completion and stabilized occupancy. Additional out-of-pocket project costs totaling \$4,716 have been recorded as *Short-Term Project Advances* on the accompanying Consolidated Statements of Financial Position, which are expected to be reimbursed at a subsequent financing closing.

In November 2007, the Women's Institute entered into a mortgage agreement with IFHC in the amount of \$246,034. The agreement includes several transactions and commitments on behalf of the sponsor, including (1) a \$25,000 "sponsor equity" loan from restricted grant funds received by Women's Institute on behalf of the project, (2) a commitment for \$124,929 in additional funds should they be needed for construction contingencies, and (3) a commitment for \$96,105 in deferred developer fee should funds be needed to cover any shortfall in project development revenues to expenses. The mortgage matures on November 2, 2047, and stipulates that no payments are expected against the principal or interest balance. Therefore, actual proceeds invested in the project under the agreement and accrued interest is classified as a long-term asset in the accompanying Consolidated Statements of Financial Position. As of December 31, 2007, the principal balance on the note totaled \$25,000.

Park City Apartments, Bridgeport, CT (an investment of WIR-CT)

In 2006, the Women's Institute was selected by the Housing Authority of the City of Bridgeport (HACB) as its preferred developer to re-develop the former Park City Hospital into 110 units of affordable and supportive housing for low-income individuals, veterans, and seniors in Bridgeport, Connecticut. In June 2006, the Women's Institute exercised an option on the property with the HACB, and in December 2007, a Memorandum of Agreement was entered into by the Women's Institute and the HACB. Development and ownership of the project will occur under the Women's Institute's affiliate, WIR - CT.

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

NOTE 1 (Continued)

The project includes two distinctly separate phases within one property, which will have independent ownership structures and financing. Park City Limited Partnership (PCLP), a limited partnership, and Park City Housing Corporation (PCHC), a for-profit corporation, were established in November 2007 to facilitate the acquisition, construction, and operation of the senior housing phase of the project to be known as Park City Apartments. Additional entities are under consideration for the supportive housing phase of the project, but were unformed as of December 31, 2007. The project is expected to close on project financing and other construction in 2008.

WIR - CT owns 100% of the common stock of PCHC, which serves as the general partner of PCLP. WIR - CT unconditionally guarantees the performance of PCHC in its role as a general partner.

In December 2007, funds were awarded to the Park City Apartments project through the State of Connecticut Housing Tax Credit Contribution (HTCC) Program. The program, administered by the Connecticut Housing Finance Authority, provides private corporations with a dollar-for-dollar credit against their state corporate income tax obligation for grant contributions to approved projects. A total of \$488,030 was approved for development of the supportive phase of the project, and the entire contribution came from United Illuminating, an unrelated corporation. No repayment obligations are placed on the contribution. Due to the pending tax-exempt status of WIR - CT at the time of the contribution, the funds were released to Women's Institute, which were then transferred to WIR - CT for infusion into the project as it progresses.

As of December 31, 2007 and 2006, unbilled accrued project management fees associated with this project amounted to \$144,426 and \$102,083, respectively. The Women's Institute and its affiliates will recognize project management and development revenue when the fees are legally collectible, which is expected to be at closing on construction completion, and stabilized occupancy. Additional out-of-pocket project costs totaling \$63,756 have been recorded as *Short-Term Project Advances* on the accompanying Consolidated Statements of Financial Position, which are expected to be reimbursed at financing closing.

Construction activity and the related funding for each of the above projects is reported separately by the affiliated entities with the following exception: Women's Institute periodically acts as Project Manager and Real Estate Developer for these entities and all program revenues and related expenses arising from these affiliations are reports as revenues, capitalized project development costs and/or expenses in the accompanying consolidated financial statements. For the years ended December 31, 2007 and 2006, Women's Institute recognized project management and developer fees from affiliated entities in the amount of \$163,779 and \$88,945, respectively, which is included in *Project Management Fees and Reimbursed Costs* and *Developer Fees* on the Consolidated Statement of Activities.

NOTE 2 PROGRAM SERVICES

The mission of the Women's Institute is to *build affordable housing that fosters economic security for low-income women and families*. The Organization's successful strategy is to create long-term partnerships that combine the Women's Institute's core strength as a nonprofit affordable housing developer with the expertise of human service providers, public agencies, and community groups to advance a common objective of increasing housing opportunities for low-income people throughout Massachusetts and Connecticut. These partnerships are focused on creating quality, affordable housing properties that include community space for programs such as job preparation and training, child care and youth programming, and activities to foster neighborhood enrichment.

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

NOTE 2 *(Continued)*

The Women's Institute is an award-winning regional affordable housing developer with offices in Boston, MA and Middletown, CT, and development projects throughout Southern New England. Currently, the Women's Institute is serving as developer for two projects in Connecticut that will total 150 new units of affordable housing when completed, and is working with several organizations as a development consultant to build additional affordable and supportive housing in Massachusetts and Connecticut. The Women's Institute also assists non-profit organizations and community groups with a variety of planning and technical services, such as developing affordable housing strategic plans and assessing existing housing properties. Additionally, the Women's Institute continues to provide year-long training programs in partnership with the Corporation for Supportive Housing and its One Step Beyond initiative, which brings together developers, service providers, and property managers to design quality affordable housing projects for Connecticut communities.

The Women's Institute continues to focus its work on increasing economic security for low-income individuals and families. Through training programs and curriculum development, the Women's Institute works with non-profit organizations to create economic literacy and empowerment program modules for implementation with their service consumers. The Organization's comprehensive model prioritizes person-centered support programs that are integrated with affordable housing to provide a path to family economic stability and independence.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of 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 financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles has, in management's opinion, resulted in reliable and consistent financial reporting by the Organization. The following policies should be read in conjunction with the accompanying notes to the financial statements.

Basis of Accounting:

The Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred. Financial statement items are recorded at historical costs and often involve the utilization of estimates, and as a result, financial statement items do not necessarily represent current values.

Principles of Consolidation:

The FY 2007 consolidated financial statements include the accounts of Women's Institute for Housing and Economic Development, Inc. (a tax-exempt charitable organization) and its affiliates, Women's Institute Realty, Inc. of Connecticut and Women's Institute Realty, Inc. (of Massachusetts). Women's Institute Realty of Connecticut, Inc. holds a 100% interest in Park City Housing Corporation, which is included in the WIR - CT accounts.

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

NOTE 3 (Continued)

Women's Institute for Housing and Economic Development, Inc., and Affiliates are sponsors for a variety of real estate development projects as disclosed in Note 1. While Women's Institute for Housing and Economic Development, Inc. has a substantial financial interest in these projects, control does not exist and therefore, the minority interests in several Limited Partnerships are not included in the consolidated financial statements. Women's Institute Realty, Inc. of Connecticut was established in 2007 and Women's Institute Realty, Inc. (of Massachusetts) was inactive during 2006; therefore, consolidated financial statements were not prepared for the year ending December 31, 2006.

Financial Statement Presentation:

Women's Institute prepares its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are related to the existence or absence of donor-imposed restrictions as indicated below.

To further differentiate general operations from significant real estate investments that may create extraordinary occurrences in the Organization's financial statements, fiscal activity for projects in which the Women's Institute has a long-term development and/or ownership role has been categorized separately where possible. In 2007, revenues related to real estate investments included grant funds for project equity (development funding), mortgage interest on investments, and land leases; functional expenses included management costs for affiliated entities, such as auditing costs, filing fees, and insurance coverage.

Classification of Net Assets:

Unrestricted Net Assets - consists of assets, public support and program revenues which are available and used for charitable activities, operations and programs. Unrestricted net assets represents the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor. In addition, unrestricted net assets of the Organization includes funds which represent unrestricted resources designated by the Board of Directors for specific purposes. Women's Institute further distinguishes its Unrestricted Net Assets as relating to general operations and those activities and resources which are specific to its real estate ventures.

For the years presented, the following board designated funds have been established:

- An Operating Reserve Fund was established by the Board for the purpose of enhancing the Organization's financial stability and to balance the cash flow in times of cyclical and temporary working capital shortfalls. For the years ended December 31, 2007 and 2006, the balance in the Operating Reserve Fund was \$144,434 and \$253,146, respectively.

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

NOTE 3 (Continued)

- The Strategic Initiatives Fund was established to create a sustainable funding base for its pre-development work in affordable housing development, sponsoring of its economic empowerment programs, and exploration of other strategic opportunities as they arise. For the years ended December 31, 2007 and 2006, the balance of this fund was \$21,738 and \$70,000, respectively.

Temporarily Restricted Net Assets - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and are satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds, and as of December 31, 2007 and 2006, were restricted to the projects listed below:

<u>Temporarily Restricted Net Assets</u>	<u>2007</u>	<u>2006</u>
Real Estate Development Activities	\$ 13,670	\$ 24,799
Housing Foundations Fund*	88,603	86,928
Park City Apartments	503,100	-
Acushnet Commons	6,000	6,000
Economic Development Programs	10,250	6,000
Asian Women's Programs	<u>22,940</u>	<u>18,988</u>
Total	<u>\$644,563</u>	<u>\$142,715</u>

*As part of a cooperative agreement with a donor, Women's Institute is required to contribute an amount equal to the lesser of 15% of developer fees received or 10% of the increase in unrestricted net assets to the Housing Foundations Fund. For the years presented, there were no contributions made to the fund. The temporarily restricted net asset balance includes interest earned on invested funds.

Permanently Restricted Net Assets - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets. In 1996, the Women's Institute received a gift of \$100,000 to establish the Fung Kam Fund, a permanently restricted fund. Income from the fund supports Women's Institute programs that benefit low income Asian women.

The accompanying consolidated financial statements include certain 2006 comparative information. With respect to the Consolidated Statement of Activities, such prior year information is not presented by net asset class and, in the Consolidated Statement of Functional Expenses, 2006 expenses by line item are in total rather than by functional category. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2006, from which the summarized information was derived.

Functional Expenses:

Women's Institute allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated using the Organization's time usage allocation formula.

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

NOTE 3 (Continued)

Supporting services are those related to operating and managing Women's Institute and its programs on a day-to-day basis. Supporting services have been sub-classified below:

Administrative - includes all activities related to Women's Institute's internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, indirect costs of special fund raising events, distribution of materials and other similar projects related to the procurement of funds for Women's Institute's programs.

Revenue Recognition:

In each of the years presented, program service revenue is shown net of all applicable discounts and waivers. The Women's Institute funds its real estate development activities through a combination of grants and program service revenue. Grants are either released from restriction or clients are invoiced for services at standard hourly rates ranging from \$110 - \$125. Under grants and consulting contracts, program service revenue is generally recognized on a monthly basis as services are provided. When the Women's Institute serves as developer, project management and developer fees are recognized on a schedule approved by the project lenders, which typically adheres to benchmarks for financing closing, construction completion, and stable operations. As of December 31, 2007 and 2006, the Women's Institute had accrued but unrecognized project management/development fees of \$148,395 and \$117,313, respectively.

Contributions, Gifts and Grants:

Women's Institute follows Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." SFAS No. 116 requires that contributions be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give. Occasionally Women's Institute receives donations of stocks, which are recorded as contribution revenue when received.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until restriction conditions are satisfied, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

NOTE 3 (Continued)

For the years presented, net assets were released from restriction for the following programs and purposes:

<u>Net Assets Released From Restriction</u>	<u>2007</u>	<u>2006</u>
Real Estate Development Activities	\$ 36,129	\$46,909
Park City Apartments	84,930	-
Indian Field Apartments	25,000	-
General Economic Development Programs	7,000	-
Asian Women's Project	1,011	-
Economic Literacy Program/Training of Trainers	-	9,000
One Family Campaign - IDA Program	-	12,409
Other	-	1,000
Total Net Assets Released from Restriction	<u>\$154,070</u>	<u>\$69,318</u>

Property and Equipment:

Property, equipment, furnishing and improvement purchases in excess of \$500 are capitalized at cost, if purchased, or if donated, at fair market value at the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment. Depreciation of property and equipment is computed using the straight-line method, and is charged against income over the estimated useful lives of the assets as expressed in term of years.

The following is a fixed asset summary as of December 31, 2007 and 2006:

<u>Asset Category</u>	<u>Est.</u> <u>Life</u>	<u>Cost</u>	<u>Accum.</u> <u>Depreciation</u>	<u>Net Book</u> <u>Value</u>	<u>Prior</u> <u>Year</u>
Office Furniture & Equip.	3-5 years	<u>\$35,998</u>	<u>\$29,590</u>	<u>\$6,408</u>	<u>\$12,305</u>

Depreciation expense was \$8,770 and \$8,524 for the years ending December 31, 2007 and 2006, respectively.

Cash and Cash Equivalents:

For the purpose of these financial statements, Women's Institute considers equivalent to cash all money market funds and savings deposits which can be and are intended to be converted to cash within 90 days of issuance.

Investments:

Investments are classified as short or long-term depending upon the type of investment and the intended holding period. Highly liquid investments, with maturities of 90 days or less are classified as cash equivalents. Investments of permanently restricted net assets are classified as long-term, along with certificates of deposit and bonds with maturity dates extending beyond one year.

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

NOTE 3 (Continued)

All investments are reported at their market value, including unrealized gains and losses, which are recognized in the current period Consolidated Statement of Activities. Investments of permanently restricted net assets are considered long-term regardless of the investment liquidity. As of December 31, 2007 and 2006, long-term investments consisted of a Federal Home Loan Bank note with a fair market value of \$99,750 and \$100,768, including unrealized gains of \$727 and \$1,011, respectively.

Investment income, gains and losses consisted of the following composition for the years presented.

	<u>2007</u>	<u>2006</u>
Realized Gains (Losses)	\$ -	\$ (282)
Unrealized Gains (Losses)	727	1,011
Dividend Income	3,952	4,560
Interest from Banks	10,904	12,215
Interest Accrued on Notes Receivable	<u>34,199</u>	<u>32,314</u>
Total	<u>\$49,782</u>	<u>\$49,818</u>

Accounts Receivable:

The Organization's management believes that all accounts receivable from program services are collectible, and therefore, no allowance for doubtful accounts has been established. If accounts are determined to be uncollectible in subsequent periods, they will be charged to activities at that time. There were no uncollected program service fees for the years presented.

Intangible Assets - Organization Costs:

Organization Costs relate to costs incurred in connection with establishing the corporate structure for Women's Institute Realty of Connecticut, Inc. and the related tax-exempt application process. The Organization Costs were incurred at the end of 2007, and will be amortized on a straight-line basis over the following five-year period.

NOTE 4 DEBT

Corporation for Supportive Housing (CSH) Pre-Development Loan:

Women's Institute secured a project-based temporary pre-development loan from CSH in connection with the Park City Apartments development project. The maximum loan amount is \$50,000 per project, and loans are only available for supportive housing projects. The loan is interest free and potentially forgivable if the project does not proceed; otherwise, loans are to be paid back upon closing of the project's financing. As of December 31, 2007 and 2006, \$25,000 had been borrowed.

Massachusetts Housing Partnership (MHP) Working Capital Line-of-Credit:

Women's Institute has established a working capital line-of-credit with MHP for \$300,000. Proceeds from the line-of-credit are to be used for affordable housing. The borrowing limit may be drawn down within one year from the closing date of June 28, 2006 and must be repaid within 2 years of the closing date; however, the drawdown period may be extended by one year.

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

NOTE 4 (Continued)

Presently, the note matures on June 28, 2008, at which time all outstanding amounts plus interest must be paid. The interest rate is prime -1%, which was 6.25% as of December 31, 2007. As of December 31, 2007 and 2006, \$125,000 and \$75,000, respectively, had been borrowed and was outstanding.

Citizens Bank Working Capital Line-of-Credit:

Women's Institute has a working capital line-of-credit with Citizens Bank with available credit of \$75,000 subject to interest at the bank's prime rate plus 2%. Borrowings on the line are secured by a first security interest in all business assets of the Organization. As of December 31, 2007 and 2006, the line-of-credit had a zero balance.

NOTE 5 FUND RAISING ACTIVITIES

Revenue from special fund raising activities is reflected on the Consolidated Statement of Activities net of the direct costs of the events, while indirect costs of special events, the costs associated with direct mail and annual appeal campaigns are reported as fund raising expenses on the Consolidated Statement of Functional Expenses. Indirect event costs include: printing, postage, consulting and other incidental costs of fundraising events.

The Women's Institute held its 11th Annual Opening Doors Awards Ceremony in March 2007 in honor of the Organization's 25th anniversary. For the years presented, revenue and expenses for this event were recognized as follows:

	<u>2007</u>	<u>2006</u>
Gross Proceeds	\$ 79,365	\$ 29,655
Recognition of FY 2006 Deferred Revenue	12,800	-
Less Deferred Revenue for Advertising and Ticket Sales	<u>-</u>	<u>(12,800)</u>
Event Revenue Recognition	92,165	16,855
Direct Costs of Events	<u>(28,591)</u>	<u>-</u>
Net Proceeds from Special Events	63,574	16,855
Less Indirect Event Costs	<u>(11,618)</u>	<u>(12,354)</u>
Net Event Revenue	<u>\$ 51,956</u>	<u>\$ 4,501</u>

Revenue and expenses in 2006 reflected preliminary activity for the 2007 event. As of December 31, 2006, Direct Event Costs of \$2,000 were deferred and have been recognized in 2007. A comparable event has not been scheduled for 2008; therefore, all revenues and expenses in 2007 are for the current year.

NOTE 6 DONATED ASSETS AND SERVICES

In accordance with generally accepted accounting principles, Women's Institute maintains a policy whereby the value of the donated goods and services which requires a specialized skill and/or which would have otherwise been purchased by the Organization are recognized as in-kind revenue with a corresponding increase in functional expenses, or fixed assets as explained below.

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. ND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

NOTE 6 (Continued)

The following donated services were recognized in the accompanying consolidated financial statements with no impact on the change in net assets:

<u>Description</u>	<u>2007</u>	<u>2006</u>
Legal Fees	<u>\$5,324</u>	<u>\$21,002</u>

Donations of property, material and services are reflected as *Value of In-Kind Services* in the accompanying Consolidated Statements of Activities at their fair market value at the date of receipt. Goods and services donated are identified on the Consolidated Statement of Functional Expenses, while fixed assets are recorded as *Property and Equipment* on the accompanying Consolidated Statement of Financial Position.

NOTE 7 RELATED PARTY TRANSACTIONS

For the years presented, *Due from Affiliates* consist of the following balances:

	<u>2007</u>	<u>2006</u>
Due from Acushnet Commons, LP:		
Profit Distribution Due	\$ 569	\$ -
Land Rent	<u>6,000</u>	<u>1,200</u>
Total Acushnet Commons	6,569	1,200
Due from Lazarus House:		
Project Management Fees	13,590	25,343
Due from Indian Field Housing Corp:		
Pre-Development Loan/Advance	62,000	-
Due from Park City Apartments:		
Deferred Project Costs	<u>57,150</u>	<u>-</u>
Total	<u>\$139,309</u>	<u>\$26,543</u>

Revenue recognized from affiliated entities for the years presented are as follows:

	<u>2007</u>	<u>2006</u>
Acushnet Commons, LP:		
Accrued Interest on Note Receivable	\$ 34,199	\$ 32,314
Profit Distribution	569	-
Land Rent	<u>4,800</u>	<u>4,800</u>
Total Acushnet Commons	39,568	37,114
Lazarus House Project Fees	46,255	88,945
Indian Field Project Management Fees	<u>152,162</u>	<u>-</u>
Total	<u>\$237,985</u>	<u>\$126,059</u>

During 2005, Women's Institute loaned Acushnet Housing, Inc. \$3,000 as an advance for start up cash flow, which was repaid in 2006.

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

NOTE 7 (Continued)

As more fully discussed in Note 1, Women's Institute holds long-term notes receivable from Acushnet Commons Limited Partnership totaling \$681,385. The aggregate balance of these notes and loans receivable, including accrued interest, held by Women's Institute as of December 31, 2007 and 2006 was \$780,085 and \$745,886, respectively. In addition, Women's Institute holds a note receivable of \$25,000 from Indian Field Housing Corp. as more fully disclosed in Note 1.

NOTE 8 OCCUPANCY

Occupancy includes the costs associated with renting office space in Boston, Massachusetts and in Middletown, Connecticut. Occupancy Expense includes expenditures for rent and utilities. (See Note 9) Each of these items is included in the Organization's occupancy costs and, in accordance with generally accepted accounting principles, is allocated on a functional basis to the various programs and supporting services according to the percentages derived from the usage of the space as expressed in terms of square footage and time spent.

The *Occupancy* category includes the following costs:

<u>Occupancy Costs</u>	<u>2007</u>	<u>2006</u>
Massachusetts:		
Rent - Office Space	\$56,760	\$56,760
Utilities	1,970	1,970
Connecticut:		
Rent - Office Space	12,661	7,600
Utilities	1,725	620
Relocation Costs	<u>4,663</u>	<u>-</u>
Total Occupancy Costs	<u>\$77,779</u>	<u>\$66,950</u>

NOTE 9 LEASE COMMITMENTS

Women's Institute occupies a facility which consists of 2,627 square feet of office space in downtown Boston on a tenancy-at-will basis. The base monthly rent was \$4,730 for the years presented.

Effective February 1, 2005, Women's Institute opened an office in Connecticut pursuant to a lease that expired January 31, 2006. The monthly rent expense was \$250 and included utilities and use of a copier machine. The lease was subsequently extended through June 30, 2006 at a monthly cost of \$500, retroactive to January 1, 2006. On August 1, 2006, the Connecticut office was relocated pursuant to a one-year lease expiring July 31, 2007. The lease provided 720 square feet of office space at a monthly cost of \$820.

Effective July 1, 2007, the Connecticut office was relocated to Middletown, Connecticut pursuant to a five-year lease that provides approximately 1,661 square feet of office and program space. The base annual rent for the initial lease year is payable in monthly installments of \$1,384. The base rent is subject to annual increases of 5%.

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

NOTE 9 (Continued)

Women's Institute leases telephone and copier equipment pursuant to various operating lease arrangements. The lease terms are 48 - 60 months, and the monthly costs range from \$120 - \$196. The leases are non-cancelable and have been properly classified as operating leases. Copier equipment is also leased pursuant to two 36-month operating leases, whereby the aggregate payments are \$340 per month. As operating leases, the payments are treated as expenses when incurred and included in *Equipment Rental and Maintenance* in the accompanying Consolidated Statement of Functional Expenses.

The combined future minimum lease payments arising from the above commitments are scheduled below:

<u>Year Ending</u>	<u>Lease Obligation</u>
December 31, 2008	\$24,382
December 31, 2009	23,541
December 31, 2010	20,860
December 31, 2011	20,565
December 31, 2012	<u>9,809</u>
Total	<u>\$99,157</u>

NOTE 10 CONCENTRATIONS

Cash Concentrations:

Women's Institute maintained bank accounts with balances in excess of insurable limits. The Federal Deposit Insurance Corporation (FDIC) insures an entity up to \$100,000 per financial institution. The total amount of uninsured deposits amounted to approximately \$540,566 on December 31, 2007 and \$229,487 on December 31, 2006; however, the Organization has not experienced any losses on such accounts and credit risk on cash and cash equivalents is considered remote.

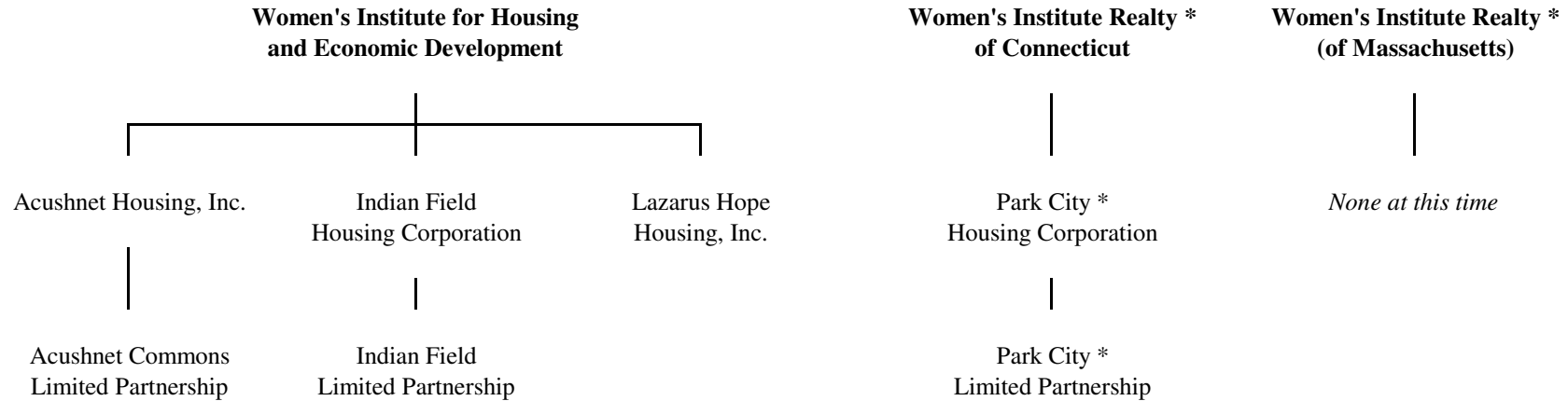
Revenue Concentration:

As further described in Note 1, WIR - CT received a grant for \$488,030 to be used as equity in connection with the Park City Apartments project. This grant represents approximately 33% of the total support and revenue for the year ended December 31, 2007.

NOTE 11 EMPLOYEE BENEFIT PLAN

Women's Institute maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan allows employees of the Organization to defer a percentage of their earnings from current taxation by investing in annuities. Pursuant to the Plan, Women's Institute makes a matching contribution of up to \$500 per employee per calendar year. For each of the years ending December 31, 2007 and 2006, the employer contributions to the benefit plan were \$3,000, and is included on the *Fringe Benefits* line. In addition, employees may also participate in a Section 125 cafeteria plan which provides for pre-tax medical and dependent care deductions.

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES
SCHEDULE A - SCHEDULE OF AFFILIATES
AS OF DECEMBER 31, 2007



* Affiliates and subsidiaries included in the consolidated financial statements

WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION AS OF DECEMBER 31, 2007

<u>ASSETS</u>	<u>WOMEN'S INSTITUTE</u>		<u>REAL ESTATE</u>		<u>INTER-AGENCY ELIMINATIONS</u>	<u>CONSOLIDATED NET ASSETS</u>
	<u>OPERATING</u>	<u>RE INVESTMENTS</u>	<u>WI REALTY OF CT</u>	<u>WI REALTY OF MA</u>		
<u>CURRENT ASSETS:</u>						
Cash and Cash Equivalents	\$330,512	\$ 45,873	\$477,969	\$ -	\$ -	\$ 854,354
Accounts Receivable, Program Services	118,814	-	-	-	-	118,814
Due From Affiliates	13,590	115,719	57,150	-	(47,150)	139,309
Short-Term Project Advances	-	68,472	-	-	-	68,472
Prepaid Expenses/Deferred Items	29,349	-	-	-	-	29,349
Total Current Assets	<u>492,265</u>	<u>230,064</u>	<u>535,119</u>	<u>-</u>	<u>(47,150)</u>	<u>1,210,298</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>6,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,408</u>
<u>OTHER ASSETS:</u>						
Long-Term Investments	99,750	-	-	-	-	99,750
Real Estate Investments	-	230,401	-	-	-	230,401
Notes and Loans Receivable	25,000	805,085	-	-	-	830,085
Security Deposits	3,772	-	-	-	-	3,772
Organization Costs	-	-	10,080	-	-	10,080
Total Other Assets	<u>128,522</u>	<u>1,035,486</u>	<u>10,080</u>	<u>-</u>	<u>-</u>	<u>1,174,088</u>
<u>TOTAL ASSETS</u>	<u>\$627,195</u>	<u>\$1,265,550</u>	<u>\$545,199</u>	<u>\$ -</u>	<u>\$(47,150)</u>	<u>\$2,390,794</u>
<u>LIABILITIES AND NET ASSETS</u>						
<u>CURRENT LIABILITIES:</u>						
Working Capital Lines-of-Credit	\$125,000	\$ -	\$ -	\$ -	\$ -	\$ 125,000
Pre-Development Loan	-	25,000	-	-	-	25,000
Accounts Payable and Accrued Expenses	29,882	47,150	5,013	-	-	82,045
Accrued Payroll and Related Expenses	41,445	-	-	-	-	41,445
Due to Affiliates	-	-	47,150	-	(47,150)	-
Deposits Held/Escrow Funds	8,163	45,873	-	-	-	54,036
Total Current Liabilities	<u>204,490</u>	<u>118,023</u>	<u>52,163</u>	<u>-</u>	<u>(47,150)</u>	<u>327,526</u>
<u>NET ASSETS:</u>						
Unrestricted Net Assets	-	1,147,527	5,006	-	-	1,152,533
Unrestricted Board Designated:						
Operating Reserve	144,434	-	-	-	-	144,434
Strategic Initiatives Fund	21,738	-	-	-	-	21,738
Temporarily Restricted Net Assets	156,533	-	488,030	-	-	644,563
Permanently Restricted Net Assets	100,000	-	-	-	-	100,000
Total Net Assets	<u>422,705</u>	<u>1,147,527</u>	<u>493,036</u>	<u>-</u>	<u>-</u>	<u>2,063,268</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$627,195</u>	<u>\$1,265,550</u>	<u>\$545,199</u>	<u>\$ -</u>	<u>\$(47,150)</u>	<u>\$2,390,794</u>

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WOMEN'S INSTITUTE FOR HOUSING AND ECONOMIC DEVELOPMENT, INC. AND AFFILIATES
CONSOLIDATING SCHEDULE OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>WOMEN'S INSTITUTE</u>				<u>INTER-AGENCY ELIMINATIONS</u>	<u>CONSOLIDATED ACTIVITIES</u>
	<u>OPERATING</u>	<u>RE INVESTMENTS</u>	<u>REAL ESTATE</u>			
			<u>WI REALTY OF CT</u>	<u>WI REALTY OF MA</u>		
<u>SUPPORT AND REVENUES:</u>						
<i>Public Support:</i>						
Foundation and Corporate Grants	\$ 211,600	\$ -	\$ -	\$ -	\$ -	\$ 211,600
Project Equity Grants	-	25,000	488,030	-	-	513,030
Individual Contributions	33,945	-	-	-	-	33,945
Value of In-Kind Services	5,324	-	-	-	-	5,324
Special Events, Net of Direct Costs	<u>63,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,574</u>
Total Support and Contributions	<u>314,443</u>	<u>25,000</u>	<u>488,030</u>	<u>-</u>	<u>-</u>	<u>827,473</u>
<i>Program Services:</i>						
Project Management Fees and Reimbursed Costs	<u>611,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>611,069</u>
<i>Other Revenues:</i>						
Interest and Dividend Income	18,590	34,199	-	-	-	52,789
Investment Gains	727	-	-	-	-	727
Land Rent	-	4,800	-	-	-	4,800
Other Miscellaneous Revenues	<u>882</u>	<u>569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,451</u>
Total Other Revenues	<u>20,199</u>	<u>39,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,767</u>
<u>TOTAL SUPPORT AND REVENUES</u>	<u>945,711</u>	<u>64,568</u>	<u>488,030</u>	<u>-</u>	<u>-</u>	<u>1,498,309</u>
<u>FUNCTIONAL EXPENSES:</u>						
Program Services	771,938	11,755	-	-	-	783,693
Administrative	133,598	-	61	-	-	133,659
Fund Raising	<u>110,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,685</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>1,016,221</u>	<u>11,755</u>	<u>61</u>	<u>-</u>	<u>-</u>	<u>1,028,037</u>
<u>CHANGE IN NET ASSETS</u>	<u>(70,510)</u>	<u>52,813</u>	<u>487,969</u>	<u>-</u>	<u>-</u>	<u>470,272</u>
<u>TRANSFERS OF NET ASSETS:</u>						
Transfer of Net Assets to Affiliate	-	(5,067)	5,067	-	-	-
Operating Net Assets Used for Real Estate Activities	(135,630)	135,630	-	-	-	-
<u>NET ASSETS - JANUARY 1</u>	<u>628,845</u>	<u>964,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,592,996</u>
<u>NET ASSETS - DECEMBER 31</u>	<u>\$ 422,705</u>	<u>\$1,147,527</u>	<u>\$493,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,063,268</u>