Fifth Avenue Committee, Inc.
and Subsidiaries

Consolidated Financial Statements and
Uniform Guidance Schedules
Together With Independent Auditors' Reports

June 30, 2017

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Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Fifth Avenue Committee, Inc. and Subsidiaries (the "Corporation"), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities, functional expenses, and cash flow for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of 588 Park Place Housing Development Fund Corporation, Community Staffing Solutions, Inc., FAC Advance Housing Development Fund Corporation, FAC Center Local Development Corp, FAC Renaissance HDFC, and Neighbors Helping Neighbors, Inc., (collectively the "Subsidiaries") which statements reflect total assets constituting $26,651,442 of consolidated total assets as of June 30, 2017 and total revenue constituting $2,632,981 of consolidated total revenue for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for the these entities is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fifth Avenue Committee, Inc. and Subsidiaries as of June 30, 2017, and the consolidated changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 26 and 27 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying Schedule of Expenditures of Federal Awards on page 28, as required by the Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance") is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, which insofar as it relates to the Subsidiaries, is based on the report of other auditors, is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Corporation's 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 Corporation's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

December 18, 2017

Fifth Avenue Committee, Inc. and Subsidiaries

Consolidated Statement of Financial Position
June 30, 2017

ASSETS	
Current Assets	
Cash and cash equivalents	$ 3,061,167
Grants receivable	2,625,882
Accounts receivable	918,752
Prepaid expenses	228,771
Advances to affiliated companies	170,284
Total Current Assets	7,004,856
Investment in unconsolidated affiliates	440,842
Replacement reserve	879,824
Operating reserve	3,004,695
Social service reserve	699,599
Property, plant and equipment, net	43,941,308
Property held for sale	2,479,507
Other assets	696,640
	$ 59,147,271
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	$ 3,274,222
Accrued expenses	1,180,573
Mortgages and notes payable, current portion	5,351,534
Tenants' deposits payable	199,871
Due to related parties	472,588
Total Current Liabilities	10,478,788
IDA funds	98,541
Refundable grants payable	1,220,000
Other payables	1,160,211
Mortgages and notes payable, net of current portion and unamortized financing costs	35,170,490
Total Liabilities	48,128,030
Net Assets	
Unrestricted	3,517,186
Temporarily restricted	436,550
	3,953,736
Non-controlling Limited Partners' interest in consolidated affiliates	7,065,505
Total Net Assets	11,019,241
	$ 59,147,271

See notes to consolidated financial statements

Fifth Avenue Committee, Inc. and Subsidiaries

Consolidated Statement of Activities
Year Ended June 30, 2017

	Unrestricted				
	Undesignated	For Profit Subsidiaries	Total Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE					
Government grants	$ 2,945,294	$ 14,698	$ 2,959,992	$ -	$ 2,959,992
Contributions - corporations	901,360	-	901,360	235,000	1,136,360
Contributions - foundations and trusts	3,238,655	-	3,238,655	423,250	3,661,905
Contributions - individuals	235,227	-	235,227	-	235,227
Special events income, net of costs of direct benefit to donors of $75,483	210,286	-	210,286	-	210,286
In-kind contributions	80,000	-	80,000	-	80,000
Management and reimbursable fees	574,286	-	574,286	-	574,286
Development and marketing	153,950	-	153,950	-	153,950
Program services	319,601	-	319,601	-	319,601
Rental income	1,493	4,753,321	4,754,814	-	4,754,814
Interest income	15,800	2,468	18,268	-	18,268
Subcontract income	100,390	-	100,390	-	100,390
Other revenue	156,117	291,423	447,540	-	447,540
Net assets released from restrictions	631,765	-	631,765	(631,765)	-
Total Support and Revenue	9,564,224	5,061,910	14,626,134	26,485	14,652,619
EXPENSES					
Program services	9,695,924	-	9,695,924	-	9,695,924
Management and general	805,161	3,614,170	4,419,331	-	4,419,331
Fundraising	649,714	-	649,714	-	649,714
Total Expenses	11,150,799	3,614,170	14,764,969	-	14,764,969
Change in Net Assets Before Non-Controlling Limited Partners' Interest in Losses of Consolidated Affiliates	(1,586,575)	1,447,740	(138,835)	26,485	(112,350)
Non-controlling Limited Partners' Interest in Losses of Consolidated Affiliates	-	123,758	123,758	-	123,758
Change in Net Assets (Deficit)	(1,586,575)	1,571,498	(15,077)	26,485	11,408
NET ASSETS					
Beginning of year	3,874,206	(341,943)	3,532,263	410,065	3,942,328
End of year	$ 2,287,631	$ 1,229,555	$ 3,517,186	$ 436,550	$ 3,953,736

See notes to consolidated financial statements

Fifth Avenue Committee, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services	Management and General	Fundraising	Total
PERSONNEL				
Salaries	$ 5,309,250	$ 188,683	$ 434,751	$ 5,932,684
Contributed services - salaries	80,000	-	-	80,000
Payroll taxes and fringe benefits	1,636,090	49,831	123,497	1,809,418
Total Personnel	7,025,340	238,514	558,248	7,822,102
OTHER THAN PERSONNEL				
Administrative	-	12,340	-	12,340
Consultants	258,189	27,265	27,943	313,397
Wage subsidy	37,982	-	-	37,982
Repairs and maintenance	15,673	558,515	607	574,795
Office supplies and printing	80,066	18,136	9,690	107,892
Telephone and postage	103,538	11,780	7,798	123,116
Utilities	70,062	537,352	3,776	611,190
Professional fees	39,193	135,288	1,686	176,167
Occupancy	400,516	45,964	9,808	456,288
Miscellaneous	2,068	144,590	-	146,658
Meetings and events	21,350	16,763	2,107	40,220
Marketing	42,454	10,601	4,667	57,722
Conference, travel, and training	15,761	41,016	658	57,435
Contractual services	75,352	27,396	-	102,748
Staff outing	2,288	276	105	2,669
Dues and subscriptions	1,931	3,272	-	5,203
Software and support	41	24,348	10,843	35,232
Insurance	36,092	187,340	1,478	224,910
Equipment, furniture and fixtures	56,992	3,720	3,846	64,558
Fees and bank charges	28,893	30,783	1,163	60,839
Program expenses	1,320,978	27,755	477	1,349,210
Publications and books	17,099	936	-	18,035
Management fees	-	124,581	-	124,581
Bad debts	3,551	7,821	2,084	13,456
Registration and fees	15	8,857	-	8,872
Interest and finance costs	22,515	400,346	776	423,637
Property taxes	-	399,980	-	399,980
Income tax expense	-	45,137	-	45,137
Depreciation	17,985	1,328,659	1,954	1,348,598
Total Other Than Personnel	2,670,584	4,180,817	91,466	6,942,867
Total Expenses	$ 9,695,924	$ 4,419,331	$ 649,714	$ 14,764,969

See notes to consolidated financial statements

Fifth Avenue Committee, Inc. and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (112,350)
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	1,348,598
Amortization	29,569
Bad debts	13,456
Changes in operating assets and liabilities	
Grants receivable	(985,155)
Accounts receivable	(83,609)
Prepaid expenses	(86,875)
Other assets	3,572,426
Accounts payable	744,755
Accrued expenses	376,069
Tenants' deposits payable	34,895
Other payables	384,716
Grants payable, subsidiary	(5,000)
Due to related parties	(160,414)
Net Cash from Operating Activities	5,071,081
CASH FLOWS FROM INVESTING ACTIVITIES	
Withdrawals from replacement reserve, net	43,514
Deposits to operating reserve, net	(377,031)
Deposits to social service reserve, net	(2,877)
Advances to affiliated companies	122,565
Purchases of property, plant and equipment	(13,583,765)
Net Cash from Investing Activities	(13,797,594)
CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions from members	944,450
Distributions to members	(763,240)
Proceeds from notes and mortgage payable	8,574,483
Mortgage and note principal payments	(244,546)
Net Cash from Financing Activities	8,511,147
Net Change in Cash and Cash Equivalents	(215,366)
CASH AND CASH EQUIVALENTS	
Beginning of year	3,276,533
End of year	$ 3,061,167
SUPPLEMENTAL CASH FLOW INFORMATION	
Cash Paid for:	
Interest	$ 392,802
Income taxes	45,137

See notes to consolidated financial statements

1. Organization and Tax Status

Fifth Avenue Committee, Inc. ("FAC") was established in 1977 and incorporated in August 1978. FAC is a community organization in South Brooklyn that advances economic and social justice by building vibrant, diverse communities where residents have genuine opportunities to achieve their goals, as well as the power to shape the community's future. FAC is a nationally recognized not-for-profit community development corporation that works to transform the lives of over 5,500 low and moderate-income New Yorkers annually so that all can live and work with dignity and respect while making our communities more equitable, sustainable, inclusive and just.

To achieve its mission, FAC develops and manages affordable housing and community facilities, creates economic opportunities and ensures access to economic stability, organizes residents and workers, provides student-centered adult education, and combats displacement caused by gentrification.

The following entities are included in the consolidated financial statements:

Entities in which FAC is the sole member:

LEAP, Inc., d.b.a. Brooklyn Workforce Innovations, ("LEAP") is a not-for-profit organization that works to empower low and moderate-income individuals by creating living-wage employment opportunities and access to career paths. LEAP creates stable, long-term employment through job-training and placement programs.

FAC Center Local Development Corporation ("FAC LDC") was incorporated in May 2006 under Section 402 of the New York Not-For-Profit Corporation Law and Article XI of the Private Housing Finance Law of the State of New York. FAC LDC holds title to and manages the following projects: 182 Fourth Avenue and 621 DeGraw Street, a commercial building that serves as the headquarters of FAC and provides additional space which has been rented to other organizations.

Neighbors Helping Neighbors, Inc. ("NHN") is a not-for-profit New York State Corporation incorporated on December 31, 1990. NHN is a HUD-certified counseling agency and empowers low-income and moderate-income Brooklyn residents to secure quality housing and build assets.

Sunset Garden LLC ("Sunset") was established on February 21, 2012 to own and operate real estate and related activity at 219 34th Street in Sunset Park, Brooklyn. Sunset had no activity in fiscal 2017. The parcel is utilized by La Union, a separate 501(c)(3) not-for-profit that FAC incubated. La Union utilizes the space as a community garden and chicken coop.

FAC AT Member LLC (the "LLC") was formed on December 17, 2012. The LLC currently is inactive with no financial activity and will be used potentially in future real estate projects.

1. Organization and Tax Status *(continued)*

FAC Renaissance HDFC is a not-for-profit New York State corporation incorporated on December 28, 2015. In June 2016, FAC closed a real estate transaction assuming the assets and liabilities from two limited partnerships, Fifth Avenue Corridor LP and South Brooklyn Mutual LP. At closing, ownership to 13 buildings, comprising 82 apartments (inclusive of one super's unit) were transferred to FAC Renaissance HDFC. These properties will undergo moderate rehabilitations including much-needed upgrades to heating and electrical systems as well as the implementation of energy conservation measures. Nine commercial storefronts are also part of the portfolio.

Entities in which FAC wholly owns:

Community Staffing Solutions, Inc., d.b.a. First Source Staffing ("CSS") operates a personnel placement service that provides short and long-term temporary staffing to businesses throughout New York City. CSS commenced operations in December 1998. On October 1, 2014, FAC approved a resolution to wind down operations of CSS and all personnel placement activities in January 2015.

FAC Red Hook Homes, Inc. was formed on April 29, 2005 as a for-profit corporation in New York State. It was created for the purpose of developing, constructing, and reselling affordable, mixed income cooperative housing units to qualified buyers in the Red Hook Section of Brooklyn.

FAC, owns the general partner in several Limited Partnerships as follows:

575 Fifth Avenue, Inc. is the general partner of Supportive Slope Limited Partnership with a .01% interest. Supportive Slope Limited Partnership was created in 2008 to operate as a 49 unit low income affordable housing building for formerly homeless individuals with special needs and other low income community residents in South Park Slope, Brooklyn.

551 Warren Street 1, Inc. is the general partner of 551 Warren Street 1 Limited Partnership, with a .01% interest. 551 Warren Street 1 Limited Partnership was established in 1999 to develop and operate 68 single occupancy supportive housing units in Brooklyn for formerly homeless and low income adults.

FAC Renaissance GP, *Inc*. is the general partner of FAC Renaissance Limited Partnership, with a .01% interest. In November of 2016, FAC closed a real estate transaction assuming the assets and liabilities from four HDFC's, South Brooklyn Mutual HDFC, 76 Fifth Avenue HDFC, 320-322 Bergen Street HDFC and FAC HDFC d/b/a FAC Renaissance. At closing, ownership to eight buildings, comprising sixty-four apartments were transferred to FAC Renaissance Limited Partnership. These properties will undergo moderate and substantial rehabilitations including much-needed upgrades to heating and electrical systems as well as the implementation of energy conservation measures. Two commercial storefronts are also part of the portfolio.

1. Organization and Tax Status *(continued)*

FAC Sunset Park GP, Inc. is the general partner of FAC Sunset Park Limited Partnership, with a .01% interest. The FAC Sunset Park Limited Partnership was created in September 2014 to redevelop the existing Sunset Park Library into a 50 unit mixed-use, 100% affordable, mixed income housing development in Sunset Park, Brooklyn. The proposed development will also expand and upgrade the public library facility and provide 100% deeply affordable housing at mixed incomes in a neighborhood with increased displacement pressure due to gentrification.

FAC 6309 Fourth Avenue GP is the general partner of FAC 6309 Fourth Avenue LP, with a .01% interest. FAC 6309 Fourth Avenue LP was formed in late 2015 and is currently in the predevelopment phase of a 100% affordable senior housing project involving three buildings.

Northeastern Towers Annex GP LLC is the general partner of Northeastern Towers Annex LP and was incorporated on July 21, 2016. Northeastern Towers Annex LP was formed on December 9, 2016 and had no financial activity through June 30, 2017. It was formed for the purpose operating a future 100% affordable senior housing project in the Jamaica, Queens area of New York City.

Other entities included are:

FAC Atlantic Terrace, Inc. is a member of Atlantic Terrace 12, LLC, with a 33.33% interest. Atlantic Terrace 12, LLC was established on November 7, 2005 to sponsor and develop an 80 unit affordable, mixed-income, mixed-use homeownership project in the Fort Greene section of Brooklyn, NY, as well as manage parking and retail condominiums on site. FAC is the sole stock holder of FAC Atlantic Terrace, Inc.

588 Park Place Housing Development Fund Corporation was incorporated on January 29, 2004 under Section 402 as a Not-For-Profit Corporation and Article XI of the Private Housing Finance Law of New York State. It was created for the purpose of acquiring and rehabilitating a multiple-dwelling building in Brooklyn, New York under the New York State Homeless Housing Assistance Program and is home to formerly homeless and low income families. FAC is the guarantor of the enforcement notes with the New York Department of housing and Preservation owed by 588 Park Place Housing Development Fund Corporation.

FAC Advance Housing Development Fund Corporation was incorporated in 2009 under Section 402 as a Not-For-Profit Corporation and Article XI of the Private Housing Finance Law of New York State. It was created to develop and manage three buildings in Brooklyn, New York for the purpose of offering rent stabilized affordable rental housing to community residents. It is also the sole member of FAC Gowanus Green, LLC, which in turn has a 25% interest in Gowanus Green Partners, LLC, a real estate developer in the Gowanus section of Brooklyn, New York, which will re-develop the Public Place site. FAC is the guarantor of enforcement notes with the New York Department of Housing, Preservation, and Development owed by FAC Gowanus Green, LLC.

1. Organization and Tax Status *(continued)*

Tax Status

FAC, LEAP, FAC LDC, NHN and 588 Park Place HDFC are exempt from federal income taxes under section 501 (c) (3) of the Internal Revenue Code and are not considered to be a private foundation within the meaning of Section 509 (a) of the Internal Revenue Code and therefore, are exempt from Federal, State and City corporate income taxes. The Limited Partnerships and the limited liability corporations are for profit domestic limited partnerships and limited liability corporations and file Federal and State tax returns. No provision or benefit for income taxes has been included in these financial statements since taxable income or loss of the Limited Partnerships and limited liability corporations pass through to and is reported by, the partners and members individually. These Limited Partnerships except for Atlantic 12, LLC are eligible for low income housing tax credits from the New York State Division of Housing and Community Renewal as established under the program as described in section 42 of the Internal Revenue Code. FAC Advance HDFC and FAC Renaissance HDFC are exempt from Federal income taxes under section 501 (c) (4) of the Internal Revenue Code and is exempt from Federal, State and City corporate income taxes.

FAC and consolidated entities operate the following programs:

Affordable Housing and Community Facilities Development

With over 500 units of affordable housing and over 25 retail spaces, FAC manages the second largest portfolio of affordable housing in Community Boards 6 and 7 in Brooklyn. FAC is currently developing over 1,100 additional units and preserving an additional 223, representing over $580 million in direct investment in affordable housing throughout South Brooklyn and Queens. FAC's current housing preservation and development projects include:

The ***FAC Sunset Park Library project***, a new partnership between FAC, the Brooklyn Public Library (BPL) and the New York City Department of Housing Preservation and Development (HPD) that will establish a new affordable housing development model – a first in NYC - wherein the creation of 50 units of deeply affordable housing is being paired with the expansion and improvement of a local public library facility in one of the most heavily used public library branches in NYC.

A new senior housing development and universal Pre-K facility in Sunset Park on 6309 Fourth Avenue Affordable Housing Project. In a partnership with the Lutheran Synod, FAC will construct a new building at the corner of 63rd Street and 4th Avenue to contain 76 apartments and a pre-kindergarten facility on the ground and cellar floors. The two adjacent 63rd Street townhomes will be rehabilitated into eight additional senior units. The project intends to meet the needs for deeply affordable housing by very low- and extremely low-income senior citizens (identified as age 62 and over) for a total of 84 new affordable apartments.

1. Organization and Tax Status *(continued)*

Affordable Housing and Community Facilities Development (continued)

The ***development of a new senior housing development in Jamaica, Queens***, wherein FAC is partnering with the Northeastern Conference of Seventh Day Adventists to add an annex to an existing senior housing development located in Springfield Gardens, Queens. The annex will consist of 147 new affordable apartments on the southern portion of the property, adjacent to an existing 110 apartment senior housing building (a recently refinanced Section 202 building). A new public senior center is also planned on site.

Two separate **Brownsville projects** include: a scattered site new construction project that will result in 23 affordable rental apartments in mixed use buildings and include a nonprofit small business incubator. The second Brownsville project, in partnership with Habitat for Humanity, will redevelop seven additional sites into 55 affordable cooperative apartments.

FAC Renaissance is a preservation project that will preserve 146 existing units of low income rental housing and 11 storefronts in 21 buildings for local businesses in Gowanus, Sunset Park, Carrol Gardens, Park Slope and South Park Slope, Brooklyn.

Organizing and Advocacy

Organizing and Advocacy Programs at FAC provide tenant advocacy and organizing to over 300 vulnerable, low income tenants and families, directly preventing 200 unfair evictions annually through one-on-one counseling and building wide organizing. The unit also leads and works in a range of broad-based coalitions on a number of local and city-wide campaigns that fight for housing, workplace, transportation, environmental, and economic justice. Active campaigns include:

1) ***Families United for Racial and Economic Equality (FUREE)*** is a grassroots member-led organizing campaign at FAC. It has a member-base of over 300 families, FUREE's current efforts include: Housing and Environmental Justice Campaigns, Voter Engagement, Leadership Development and Youth Organizing Academies, as well as involvement in Participatory Budgeting.

2) ***Stabilizing NYC*** is a citywide initiative to organize tenants in buildings owned by predatory equity firms and speculative landlords who seek to displace low and moderate income rent stabilized tenants as part of their business model.

3) ***Turning the Tide (T3)*** is a climate justice initiative focused on engaging and empowering South Brooklyn's low-income public housing residents in the climate movement, and on informing significant resilience and sustainability investments at NYCHA and in the low-lying, coastal neighborhoods of Red Hook and Gowanus. T3 is led by FAC in partnership with Red Hook Initiative (RHI), and Southwest Brooklyn Industrial Development Corporation (SBIDC).

1. Organization and Tax Status *(continued)*

Organizing and Advocacy (continued)

4) ***5th Avenue Key Food Campaign*** – FAC led a successful community coalition over 18 months that secured a full-service community supermarket to replace the beloved 5th Avenue Key Food. The owners of the local Key Food decided to sell their property to a developer but several years still remained on the Butler Street Urban Renewal Plan which provided a mechanism for community input. Additionally, the coalition's advocacy resulted in the project being more deeply affordable – providing 25% affordable housing for a non-MIH project with at least 10% of the units at 40% of AMI – and providing a mechanism for community input on minimizing the project's impact.

5) **Gowanus Neighborhood Coalition for Justice (GNCJ)** is led by FAC with broad representation of local residents and stakeholders to specifically elevate the priorities of low-and moderate income residents, industrial firms, and the neighborhood-based organizations and small businesses that serve them. In order to ensure the community's comprehensive needs are met as part of planned future land-use actions, the coalition has developed a set of five overarching principles to advance racial, economic and environmental justice as part of planned future public and private land use actions in Gowanus.

Adult Education and Literacy Programs

These programs offer a range of classes, including English for Speakers of Other Languages (ESOL), Adult Basic Education (ABE), General Equivalency Diploma (GED) and family literacy classes at local public schools. Over 900 adult students from nearly 30 countries of origin attended and improved their grasp of spoken and written English as well as their math skills and access to further education as part of improving their employment and educational outcomes. According to the NYS Department of Education, the program performs in the top quartile of adult education programs state-wide.

Community Services

FAC's Community Services Programs offer benefits access assistance; tax preparation assistance; public health insurance and Medicaid enrollment; and financial and legal counseling services to working poor and low-income residents. This includes "Single Stop at FAC" which is one of the most effective Single Stop programs in the city's five boroughs, and is also a host to NYC's first Financial Opportunity Center (FOC) which combines individualized financial counseling, access to wrap around services, and workforce development and training. In the past year, over 1,100 households were screened for public benefits with hundreds securing cash or non-cash benefits, and receiving legal counseling; and financial counseling services.

1. Organization and Tax Status *(continued)*

Workforce Development

Through FAC's Neighborhood Employment Services (NES) and the programs of FAC affiliate Brooklyn Workforce Innovations (BWI), FAC assists over 900 jobless and working poor New Yorkers each year train for and gain access to living-wage employment, establish careers, and receive continuing job support.

Additionally, FAC and its South Brooklyn community partners launched year four of ***Stronger Together***, a multi-year collaboration to fight poverty in South Brooklyn public housing complexes in Red Hook and Gowanus. With core funding from the NYC Neighborhood Opportunities Fund's Change Capital Initiative, FAC is the lead organization in this community-based, poverty-fighting collaborative. FAC's partners include Brooklyn Workforce Innovations, Red Hook Initiative and the Southwest Brooklyn Industrial Development Corporation. The goal of the collaboration is to help break the cycle of inter-generational poverty in South Brooklyn's largest public housing complexes by providing educational opportunities and job training and placements to hundreds of New York City Housing Authority (NYCHA) residents currently living in poverty. Target public housing developments include Red Hook Houses, Gowanus Houses and Wyckoff Gardens Houses. Over four years, Stronger Together aims to assist as many as 1,200 adults in the five NYCHA developments in Red Hook and Gowanus.

In 2017, FAC launched the planning phase of ***Gowanus Wifi-Mesh*** project focused on local businesses impacted by Superstorm Sandy and trained local residents to install and maintain the Wifi-Mesh network.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which 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 revenues and expenses during the reporting period. Accordingly actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of FAC, entities for which it is the sole member and subsidiaries which it has a controlling interest through wholly owned general partners, limited partnerships or ownership of more than 50% interest. All significant inter-company accounts and transactions have been eliminated. Collectively, the entities are referred to as the Corporation.

2. Summary of Significant Accounting Policies *(continued)*

Non-Controlling Limited Partners' Interests

Non-Controlling Limited Partners' Interest in the Corporation's consolidated statement of activities represents the profits or losses of the Limited Partnerships' allocated to limited partners for that period. Limited Partners' Interest in the Corporation's consolidated statement of financial position represents the undistributed profits or losses and capital of the Limited Partnerships.

Fair Value Measurements

The Corporation follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid debt instruments with a maturity of three months or less at the time of purchase.

Allowance for Doubtful Accounts

The collectability of receivables is based on a combination of factors. When management is aware of a customer's inability to meet its financial obligation, an allowance for the potential bad debt to reduce the receivable to the estimated realizable value is recorded. Past due status is based on how recently payments have been received. As of June 30, 2017, no allowance for doubtful accounts is determined to be necessary.

Investment in Unconsolidated Affiliates

Investments in which the Corporation does not exercise significant influence and holds less than 20% interest are accounted for under the cost method.

2. Summary of Significant Accounting Policies *(continued)*

Debt Issuance Costs

In 2017, the Corporation adopted new U.S. GAAP guidance for the presentation of debt costs and related amortization. Debt issuance costs are now reported on the statement of financial position as a direct deduction from the face amount of the debt. Previously, such costs were shown as deferred financing costs. The debt issuance costs are being amortized over the term of the debt on a method that approximates the effective interest method. The Corporation reflects amortization of debt issuance costs with interest expense, in accordance with the new guidance. This change had no effect of previously reported earnings.

Property, Plant and Equipment

Property, plant, and equipment are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by related costs and accumulated depreciation. The resulting gains or losses are reflected in the consolidated statement of activities.

The useful lives of property, plant, and equipment are summarized as follows:

Buildings	40 years
Furniture and equipment	5 - 10 years
Leasehold improvements	10 years

Asset Recoverability

The Corporation reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. If management's estimate of the aggregate future cash flows to be generated by the property, undiscounted and without interest charges, and any estimated proceeds from the eventual disposition of the real estate is less than its carrying amount, an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. The determination of undiscounted cash flows requires significant estimates by management. Subsequent changes in estimated undiscounted cash flows could impact the determination of whether impairment exists. No impairment loss has been recognized during the year ended June 30, 2017.

Capitalized Mortgage Interest

The Corporation capitalizes mortgage interest incurred for financing of its properties during the development period until the property is placed in service or is available for resale. Interest incurred after the property is placed in service is expensed when incurred.

2. Summary of Significant Accounting Policies *(continued)*

Net Asset Presentation

The consolidated financial statements report net assets separately by class of net assets. Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. Temporarily restricted net assets represent contributions with donor imposed restrictions that have not yet been satisfied. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the consolidated statement of activities as net assets released from restriction. Permanently restricted net assets are limited by donors in perpetuity. The Corporation has no permanently restricted net assets.

Allocation of Expenses

Expenses are charged directly to program or support service categories based on specific identification of expenses. Common expenses are allocated on an equitable basis to all programs and support services based on management's estimates.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence or nature of any donor imposed stipulations.

Revenue Recognition

The Corporation records earned revenues on an accrual basis. In addition, the Corporation records as revenue the following types of contributions, when they are received unconditionally at their fair value: cash, promises to give (contributions receivable), grants receivable, certain contributed services and gifts of other assets. Conditional contributions and grants are recognized as revenue when the conditions on which they depend have been substantially met. The Corporation also raises funds through special events. Event revenues, net of related costs with a direct-benefit to donors, are recorded as unrestricted contributions since such funds can be used for general operations unless there are donor-imposed restrictions. Costs to generate restricted and unrestricted donations and grants are expensed as incurred.

Rental income is recognized as it accrues. Advance receipts of rental income are deferred and classified as liabilities until earned or recouped. All leases between the Corporation and the tenants of the property are operating leases of one to two years.

Fees received for management, development and marketing, and program services are recognized as the services are performed or expenditures are incurred.

2. Summary of Significant Accounting Policies *(continued)*

In-Kind Contributions

Contributed services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions are reflected in the accompanying consolidated statement of activities at their fair value at the time the services are rendered.

Accounting for Uncertainty in Income Taxes

The Corporation recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Corporation had no uncertain tax positions that would require financial statement recognition or disclosure. The Corporation is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to June 30, 2014.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is December 18, 2017.

3. Related Party Transactions

Limited Partnerships

The Corporation, through its wholly-owned subsidiaries, is a general partner in several limited partnerships. U.S. GAAP guidance requires the Corporation to consolidate these limited partnerships in the consolidated financial statements. Furthermore, the Corporation has provided various guarantees of operating deficits, credit adjustment advances, fee guarantee advances and has a purchase option of certain limited partners' interest at the end of stated periods. The Corporation has certain transactions with other entities that are not required to be consolidated, the "Due to Related Parties" as of June 30, 2017 amount due was $472,588 which is reflected in the consolidated statement of financial position.

The Corporation has consolidated the Limited Partnerships as required by U.S. GAAP by the inclusion of the assets, liabilities, partners' capital and results of operations of these partnerships to provide the user of the financial statements meaningful information about the financial position and results of operations of the Corporation.

3. Related Party Transactions *(continued)*

Limited Partnerships (continued)

The Limited Partnerships for which the Corporation is the general partner are consolidated in the accompanying consolidated financial statements. The non-controlling limited partners' interest at June 30, 2017 are as follows:

For Profit Affiliates	Percent of Non-Controlling Ownership	Non-Controlling Interest
Supportive Slope LP	99.99%	$ 2,275,282
551 Warren Street 1 LP	99.99	2,690,658
Atlantic Terrace 12, LLC	66.67	1,017,945
FAC Renaissance LP	99.99	1,081,620
FAC Sunset Park LP	99.99	-
FAC 6309 Fourth Avenue, LP	99.99	-
		$ 7,065,505

In connection with the inclusion of these Limited Partnerships', the change in non-controlling limited partners' interest for the year ended June 30, 2017 is as follows:

Inclusion of Limited Partners' non-controlling interest as of July 1, 2016	$ 7,008,053
Equity Adjustment of LP's non-controlling interests	181,210
Non-controlling Limited Partners' Interest in losses of consolidated affiliates	(123,758)
Non controlling Limited Partners' interest in consolidated affiliates as of June 30, 2017	$ 7,065,505

Advances to Affiliates

Advances to affiliates of $170,284 are non-interest bearing and have no specific date of repayment.

4. Reserves

In accordance with the Limited Partnerships' regulatory agreements, the Limited Partnerships are required to maintain certain reserve accounts. The Operating Reserve account is funded from the partners' capital contributions and surplus cash as defined in the limited partnerships' agreement. The Replacement Reserve is required to fund future repairs and replacements as well as capital projects. The Social Service Reserve is to be used for bridging any delays in receipt of any Section 8 rental assistance payments and/or Social Service subsidiaries.

The following reserves amounts are reflected in the accompanying consolidated financial statements at June 30, 2017:

Replacement Reserve	$ 879,824
Operating Reserves	3,004,695
Social Service Reserve	699,599
	$ 4,584,118

5. Retirement Plan

FAC and LEAP have Simplified Employee Pension Plans, which are defined contribution plans. LEAP made contributions of $65,992 for the year ended June 30, 2017. FAC made contributions of $30,078 for the year ended June 30, 2017.

6. Operating Leases

At June 30, 2017, the Corporation leases commercial office space under the terms of various operating leases which expire in various years through 2021. Rent expense for the year ended June 30, 2017 was $456,288.

Future minimum required annual lease payments for the years ending June 30 are as follows:

2018	$ 378,402
2019	357,457
2020	267,913
2021	265,016
2022	10,613
	$ 1,279,401

7. IDA Funds

The Corporation operated an IDA program for eligible individuals who are interested in saving money towards future educational expenses or entrepreneurial projects. The Corporation matched participants' contributions on a 3:1 or 2:1 basis, with specific limitations, for a period of 1 to 3 1/2 years. At June 30, 2017, the Corporation has a liability of $98,541 for future participant matching funds. The Corporation has stopped participating in this program and management is making its best effort to return the unspent funds as outlined in the funding agreement.

8. Refundable Grants Payable

During 2008, the Corporation received a $745,000 recoverable grant from the Federal Home Loan Bank to be used to support affordable housing in the Supportive Slope Project. This project is a single occupancy residential facility with 49 units in the Park Slope Section of Brooklyn. The grantor requires the Corporation to sponsor the project and that the project remains affordable for a 15 year period ending 2025, at which time the conditions will have been satisfied. The Corporation loaned these funds to Supportive Slope Limited Partnership, a consolidated entity, at 0% interest rate and payable on the fiftieth (50th) anniversary of the receipt of a certificate of occupancy for the project. On April 29, 2014 a certificate of occupancy was issued by the City of New York. Accordingly, the amount due from the consolidated affiliated company's is eliminated upon consolidation. However, the $745,000 due to Federal Home Loan Bank from the Corporation is included within refundable grants payable in the accompanying consolidated financial statements.

9. Property, Plant and Equipment

Property, plant and equipment consists of the following at June 30, 2017:

Land	$ 1,229,934
Buildings	34,243,485
Furniture and equipment	709,517
Leashold improvements	787,030
Construction in progress	11,254,092
	48,224,058
Accumulated depreciation and amortization	(4,282,750)
	$ 43,941,308

Depreciation expense for the year ended June 30, 2017 was $1,348,598.

10. Property Held for Sale

Property held for sale consists of residential affordable and mixed income co-operative units developed using a combination of government grants and mortgage financing. Upon completion, these properties will be sold, in accordance with the terms of the government grants, to qualified buyers in the Red Hook section of Brooklyn, New York. Costs for these properties amounted to $2,479,507 and the related mortgage payable amounted to $2,107,000 at June 30, 2017. The four remaining co-ops are being rented and then are expected to be sold and the related mortgages repaid in 2019.

11. Mortgages and Notes Payable

Mortgages and Notes Payables consists of the following at June 30, 2017:

FAC has three lines of credit. The first line of credit is with JPMorgan Chase Bank for $406,000, bears a variable interest rate and was renewed on July 21, 2016 through July 21, 2021. It is collateralized by a condominium unit located at 294 Smith Street, Brooklyn, NY. The outstanding borrowing under this line is $254,597 at June 30, 2017. The second line of credit is with JPMorgan Chase Bank for $1,000,000, bears a fixed interest rate of 5.65% and expires on June 3, 2019. The outstanding borrowing under this line is $299,642 at June 30, 2017. The third line of credit is with the Contact Loan Fund for $600,000, bears interest at prime plus .50% of the outstanding principal balance of the borrowings and payable on demand and renewable annually. This line has an outstanding principal balance of $599,770 at June 30, 2017.	$	1,154,009
FAC Red Hook Homes, Inc. ("Red Hook") has a mortgage with Brooklyn Community Foundation (formerly Independence Community Foundation) which bears no interest and becomes due on December 31, 2019. This note has an outstanding principal balance of $2,107,000 at June 30, 2017. The Brooklyn Community Foundation note is collateralized with shares in Red Hook Homes Apartment Corporation, a cooperative housing corporation.		2,107,000
588 Park Place HDFC has two mortgage notes with NYS Homeless Housing and Assistance Program totaling $1,467,200. The mortgages mature in 2035 and carry a fixed annual interest rate of 1%. The principal and interest are payable at maturity. In addition, there is a mortgage with the NYC Department of Housing Preservation and Development for a maximum amount of $709,176, of which $243,743 had been drawn as of June 30, 2017. The mortgage matures in 2035 with a fixed annual interest rate of 1%.		1,710,943
FAC LDC has two mortgage notes with the Low Income Investment Fund. The first note has an interest rate of 8%, requires monthly payments of interest and principal, matures on June 1, 2026 and has an outstanding principal balance of $554,467 at June 30, 2017. The second note has an interest rate of 6.7%, requires monthly payments of interest and principal, matures on June 1, 2036 and has an outstanding principal balance of $3,443,263 at June 30, 2017. Both loans are collateralized by the FAC Center properties at 621 DeGraw Street and 182 4th Avenue.		3,997,730
CSS has a line of credit with M&T Bank in the amount of $50,000 which bears an annual interest rate of 4.25% and is payable on demand. The outstanding principal balance of this line is $50,000 at June 30, 2017.		50,000
		9,019,682

11. Mortgages and Notes Payable *(continued)*

Carry forward	$	9,019,682
FAC Advance HDFC obtained a note payable for pre-development loan financing from Local Initiatives Support Corporation ("LISC") to finance pre-development expenses associated with FAC Gowanus Green LLC. The loan was modified on March 1, 2017 to reflect a principal balance of $194,658 that requires monthly payments of principal and interest at a fixed interest rate of 7% and matures on January 1, 2020. The outstanding principal balance was $186,501 on June 30, 2017. On May 20, 2016, the Corporation obtained a permanent mortgage with the Community Preservation Corporation (CPC) collateralized by the premises at 31 St. Marks Place, 258 51st Street and 237 Fifth Avenue, Brooklyn, New York (the "premises"). The mortgage payable in the amount of $1,225,000 requires monthly payments of principal and interest at a fixed annualized rate of 5.65% and matures on June 1, 2046. The outstanding principal balance was $1,208,947 on June 30, 2017. On May 20, 2016, the Corporation converted construction financing to a permanent loan with the NYC Department of Housing, Preservation and Development and is serviced by the Community Preservation Corporation (CPC). The mortgage payable in the amount of $1,853,840 requires monthly payments of principal and interest at a fixed annualized rate of 1% and matures on June 1, 2046. The outstanding principal balance was $1,849,458 on June 30, 2017.		3,244,906
Supportive Slope LP has a mortgage with the New York City Department of Housing Preservation and Development. The note accrues interest at 1% per annum. The note requires no monthly payments of principal and interest and it matures on May 14, 2040. The mortgage is collateralized by the Partnership's investment in real estate.		6,886,501
551 Warren Street 1 LP has a non-interest bearing mortgage note is held by the New York City Housing Preservation and Development Fund. The note will mature on May 1, 2031. The real property of the partnership is collateral for the loan.		5,660,566
Atlantic Terrace 12, LLC has two enforcement notes with the New York City Department of Housing Preservation and Development that are secured by real property located at 212 South Oxford Street in the Fort Greene section of Brooklyn. The enforcement notes may be forgiven if Atlantic Terrace 12, LLC complies with certain requirements as outlined in the respective agreements. The enforcement notes shall not bear interest and matures on May 11, 2026.		1,892,395
		26,704,050

11. Mortgages and Notes Payable *(continued)*

Carry forward	$ 26,704,050
FAC Sunset Park LP has drawn down $49,000 for predevelopment expenses from the National Equity Fund to begin the Sunset Park Library Project. The loan matures on December 31, 2017, and requires monthly payments of interest only at the rate of 6.0% per annum.	49,000
FAC Renaissance HDFC has the following mortgages / loans: Local Initiatives Support Corporation ("LISC") construction loan in the amount of $5,269,061. The construction loan is to provide funds for construction and requires interest during construction at 6%. The construction loan matures at the earlier of; the first day of the first month following the complete of construction, or the twenty-first-month anniversary of the first day of the first full month after the construction closing date (April 1, 2018). As of June 30, 2017, the outstanding principal was $2,902,260 and accrued interest was $0. At permanent conversion, the construction loan will be replaced by a permanent mortgage with City of New York Department of Housing Preservation and Development ("NYC HPD") and it shall become the first mortgage.	2,902,260
NYC HPD construction loan in the amount of $3,406,138. The construction loan is to provide funds for construction and requires interest during construction at .25%. The construction loan matures at the earlier of; the first day of the first month following the complete of construction, or the twenty-first-month anniversary of the first day of the first full month after the construction closing date (April 1, 2018). As of June 30, 2017, the outstanding principal was $3,168,145 and accrued interest was $0. At permanent conversion, the construction loan shall become a permanent mortgage and it shall become the second mortgage.	3,168,145
NYC HPD mortgage in the amount of $1,695,551. The mortgage is the result of the assumption of a mortgage associated with the SBMLP property. The mortgage provides for, among other matters, 0% interest and no payments of principal until maturity. Maturity is on the thirtieth anniversary, June 30, 2046. The outstanding principal as of June 30, 2017 was $1,695,551.	1,695,551
New York City Housing Development and Corporation ("NYC HDC") mortgage in the amount of $2,931,385. The mortgage is the result of the consolidation of the remaining mortgages associated with the closing of the SBMLP and FACLP properties. The mortgage provides for, among other matters, 0% interest and no payments of principal until maturity. Maturity is on the thirtieth anniversary, June 15, 2046. The outstanding principal as of June 30, 2017 was $2,931,385.	2,931,385
	37,450,391

11. Mortgages and Notes Payable *(continued)*

Carry forward	$	37,450,391
FAC Renaissance LP has two loans. The first is with TD Bank NA in the amount of $12,162,943 of which $2,823,834 has been drawn as of June 30, 2017. The loan has an interest rate of 4% and matures on April 19, 2019. The second loan is with NYC HPD in the amount of $1,696,075 and carries an interest rate of 0% with a loan servicing of .25% As of June 30, 2017 the amount drawn was $571,988 and the loan matures on April 19, 2019.		3,395,822
	$	40,846,213

Total minimum required principal loan payments for years ending June 30 are as follows:

2018	$ 5,351,534
2019	10,141,952
2020	2,440,263
2021	226,932
2022	339,139
Thereafter	22,346,393
	40,846,213
Less unamortized debt issuance costs	(324,189)
	$ 40,522,024

12. Temporarily Restricted Net Assets - FAC and LEAP

Changes in temporarily restricted net assets for the year ended June 30, 2017 consist of the following:

Purpose/Restriction	Balance, June 30, 2016	Additions	Releases	Balance, June 30, 2017
Fifth Avenue Committee, Inc.				
Housing Development	$ 62,250	$ 65,250	$ (60,250)	$ 67,250
Neighborhood Opportunities Fund	70,845	235,000	(216,629)	89,216
Organizing	137,745	295,000	(229,112)	203,633
Community Services	-	63,000	(51,359)	11,641
Total	270,840	658,250	(557,350)	371,740
LEAP, Inc.				
Program Planning	60,182	-	(40,774)	19,408
Support to Training Graduates	21,354	-	(8,247)	13,107
Equipment	10,000	-	(10,000)	-
Enhance Marketing and Communications	47,689	-	(15,394)	32,295
Total	139,225	-	(74,415)	64,810
	$ 410,065	$ 658,250	$ (631,765)	$ 436,550

13. Concentrations of Credit Risk

Financial instruments which potentially subject the Corporation to significant concentrations of credit risk consist principally of cash and cash equivalents and grants receivable. The Corporation maintains its cash and cash equivalents with various financial institutions, which at times, may be in excess of federally insured limits. The Corporation has not experienced any losses on its cash accounts.

A concentration of credit risks with respect to grants receivables exists since amounts from one source represented 28% of the total grants receivable at June 30, 2017. Receivables are expected to be collected in the normal course of business.

14. Litigation

The Corporation may periodically become a party to litigation that arose in the normal course of business. Management does not believe the ultimate outcome of these claims will have a material adverse effect on the financial statements.

* * * * *

Fifth Avenue Committee, Inc.
and Subsidiaries

Supplementary Information

June 30, 2017

Fifth Avenue Committee, Inc. and Subsidiaries

Consolidating Schedule of Financial Position
June 30, 2017

ASSETS	Fifth Avenue Commitee, Inc.	Leap, Inc.	Red Hook Homes, Inc.	* 588 Park Place	* FAC Center Local Development Corp	* Community Staffing Solutions	* FAC Renaissance HDFC	* FAC Advance HDFC	* Neighbors Helping Neighbors	General Partners	Limited Partners	Total	Eliminations	Consolidated
Current Assets														
Cash and cash equivalents	$ 251,339	$ 594,513	$ 49,179	$ 188,416	$ 24,402	$ -	$ 372,748	$ 71,023	$ 77,691	$ 365	$ 1,431,491	$ 3,061,167	$ -	$ 3,061,167
Grants receivable	1,101,398	1,572,909	-	-	-	-	-	-	-	-	-	2,674,307	(48,425)	2,625,882
Accounts receivable	27,381	197,585	61,958	8,796	207,382	-	48,889	32,500	250,097	-	150,236	984,824	(66,072)	918,752
Prepaid expenses	33,749	30,059	-	2,043	7,958	-	38,322	15,728	-	-	100,912	228,771	-	228,771
Advances to affiliated companies	2,336,906	3,938	-	-	-	-	11,020	-	-	-	-	2,351,864	(2,181,580)	170,284
Total Current Assets	3,750,773	2,399,004	111,137	199,255	239,742	-	470,979	119,251	327,788	365	1,682,639	9,300,933	(2,296,077)	7,004,856
Investment In affiliated companies	-	-	-	-	-	-	-	-	-	653,584	-	653,584	(653,584)	-
Investment in unconsolidated affiliates	-	-	-	-	-	-	-	440,842	-	-	-	440,842	-	440,842
Replacement reserve	-	-	-	66,936	94,235	-	-	-	-	-	718,653	879,824	-	879,824
Operating reserve	-	-	-	31,426	-	-	150,482	-	-	-	2,822,787	3,004,695	-	3,004,695
Social service reserve	-	-	-	-	-	-	-	-	-	-	699,599	699,599	-	699,599
Mortgage receivable from affiliated company	745,000	-	-	-	-	-	-	-	-	-	-	745,000	(745,000)	-
Property, plant and equipment, net	326,838	21,031	-	1,420,087	4,004,374	-	10,872,785	3,209,917	10,305	-	24,434,301	44,299,638	(358,330)	43,941,308
Property held for sale	-	-	2,479,507	-	-	-	-	-	-	-	-	2,479,507	-	2,479,507
Other assets	17,714	41,265	14,445	8,801	187,905	-	-	28,447	5,500	15,804	376,963	696,844	(204)	696,640
	4,840,325	2,461,300	2,605,089	1,726,505	4,526,256	-	11,494,246	3,798,457	343,593	669,753	30,734,942	63,200,466	$ (4,053,195)	$ 59,147,271
LIABILITIES AND NET ASSETS														
Current Liabilities														
Accounts payable	232,018	262,203	59,444	6,979	3,889	-	56,846	12,244	88,816	-	2,617,855	3,340,294	$ (66,072)	$ 3,274,222
Accrued expenses	229,343	155,028	250,000	32,019	22,921	-	-	-	9,241	-	482,021	1,180,573	-	1,180,573
Mortgages and notes payable, current portion	928,231	-	-	-	136,824	-	4,183,359	54,120	-	-	49,000	5,351,534	-	5,351,534
Loans payable, affiliated companies	-	-	-	-	149,400	-	-	-	-	-	1,590	150,990	(150,990)	-
Grants payable, subsidiary	48,425	-	-	-	-	-	-	-	-	-	-	48,425	(48,425)	-
Tenants' deposits payable	37,574	-	11,445	8,801	78,923	-	52,171	11,161	-	-	-	200,075	(204)	199,871
Due to related parties	-	-	720,114	-	-	-	217,497	550,457	-	-	1,015,110	2,503,178	(2,030,590)	472,588
Total Current Liabilities	1,475,591	417,231	1,041,003	47,799	391,957	-	4,509,873	627,982	98,057	-	4,165,576	12,775,069	(2,296,281)	10,478,788
IDA funds	98,541	-	-	-	-	-	-	-	-	-	-	98,541	-	98,541
Refundable grants payable	820,000	-	-	400,000	-	-	-	-	-	-	-	1,220,000	-	1,220,000
Other payables	6,249	12,878	-	-	-	-	366,244	330,000	-	444,840	-	1,160,211	-	1,160,211
Mortgages and notes payable, net of current portion	225,777	-	2,107,000	1,710,943	3,806,131	50,000	6,513,982	2,994,074	-	-	18,507,583	35,915,490	(745,000)	35,170,490
Total Liabilities	2,626,158	430,109	3,148,003	2,158,742	4,198,088	50,000	11,390,099	3,952,056	98,057	444,840	22,673,159	51,169,311	(3,041,281)	48,128,030
Net Assets (Deficit)														
Unrestricted	1,842,427	1,966,381	(542,914)	(432,237)	328,168	(50,000)	104,147	(153,599)	245,536	224,913	996,278	4,529,100	(1,011,914)	3,517,186
Temporarily restricted	371,740	64,810	-	-	-	-	-	-	-	-	-	436,550	-	436,550
	2,214,167	2,031,191	(542,914)	(432,237)	328,168	(50,000)	104,147	(153,599)	245,536	224,913	996,278	4,965,650	(1,011,914)	3,953,736
Non-controlling Limited Partners' interest in consolidated affiliates	-	-	-	-	-	-	-	-	-	-	7,065,505	7,065,505	-	7,065,505
Total Net Assets (Deficit)	2,214,167	2,031,191	(542,914)	(432,237)	328,168	(50,000)	104,147	(153,599)	245,536	224,913	8,061,783	12,031,155	(1,011,914)	11,019,241
	$ 4,840,325	$ 2,461,300	$ 2,605,089	$ 1,726,505	$ 4,526,256	$ -	$ 11,494,246	$ 3,798,457	$ 343,593	$ 669,753	$ 30,734,942	$ 63,200,466	$ (4,053,195)	$ 59,147,271

*Audited by other auditors

See independent auditors' report

Fifth Avenue Committee, Inc. and Subsidiaries

Consolidating Schedule of Activities
Year Ended June 30, 2017

	Fifth Avenue Commitee, Inc.	Leap, Inc.	Red Hook Homes, Inc.	* 588 Park Place	* FAC Center Local Development Corp	* Community Staffing Solutions	* FAC Renaissance HDFC	* FAC Advance HDFC	* Neighbors Helping Neighbors	General Partners	Limited Partners	Total	Eliminations	Consolidated
SUPPORT AND REVENUE														
Government grants	$ 1,439,460	$ 1,119,428	$ -	$ -	$ -	$ -	$ -	$ -	$ 386,406	$ -	$ 14,698	$ 2,959,992	$ -	$ 2,959,992
Contributions - corporations	675,000	441,360	-	-	-	-	-	-	20,000	-	-	1,136,360	-	1,136,360
Contributions - foundations and trusts	664,905	2,864,500	-	-	-	-	-	-	132,500	-	-	3,661,905	-	3,661,905
Contributions - individuals	43,885	188,303	-	-	-	-	-	-	3,039	-	-	235,227	-	235,227
Special events income, net of costs of direct benefit to donors of $75,483	90,043	109,689	-	-	-	-	-	-	11,554	-	-	211,286	(1,000)	210,286
In-kind contributions	-	80,000	-	-	-	-	-	-	-	-	-	80,000	-	80,000
Management and reimbursable fees	1,458,331	-	-	-	-	-	-	-	-	-	-	1,458,331	(884,045)	574,286
Development and marketing	512,280	-	-	-	-	-	-	-	-	-	-	512,280	(358,330)	153,950
Program services	-	356,798	-	-	-	-	-	-	27,904	-	-	384,702	(65,101)	319,601
Rental income	686,873	-	136,547	184,878	730,297	-	992,548	267,887	-	-	2,441,164	5,440,194	(685,380)	4,754,814
Interest income	6,480	9,296	2,161	70	189	-	-	40	24	8	-	18,268	-	18,268
Subcontract income	554,610	49,013	-	-	-	-	-	-	-	-	-	603,623	(503,233)	100,390
Other revenue	163,558	-	-	997	-	-	18,411	6,898	13	155,315	109,802	454,994	(7,454)	447,540
Total Support and Revenue	6,295,425	5,218,387	138,708	185,945	730,486	-	1,010,959	274,825	581,440	155,323	2,565,664	17,157,162	(2,504,543)	14,652,619
EXPENSES														
Salaries	3,554,797	2,095,259	-	-	-	-	-	-	365,123	-	-	6,015,179	(82,495)	5,932,684
Contributed services - salaries	-	80,000	-	-	-	-	-	-	-	-	-	80,000	-	80,000
Payroll taxes and fringe benefits	1,056,491	671,620	-	-	-	-	-	-	97,738	-	-	1,825,849	(16,431)	1,809,418
Administrative	-	92,624	-	1,583	4,335	-	-	2,451	-	-	-	100,993	(88,653)	12,340
Consultants	172,143	117,972	-	14,500	-	-	-	-	31,675	-	-	336,290	(22,893)	313,397
Wage subsidy	-	37,982	-	-	-	-	-	-	-	-	-	37,982	-	37,982
Repairs and maintenance	11,667	8,637	39,148	27,362	90,483	-	76,657	19,867	2,992	-	300,639	577,452	(2,657)	574,795
Office supplies and printing	60,863	50,451	-	2,438	3,354	-	-	2,725	7,104	-	-	126,935	(19,043)	107,892
Telephone and postage	79,506	53,568	500	-	-	-	1,982	-	6,011	-	5,116	146,683	(23,567)	123,116
Utilities	40,417	41,305	-	29,188	9,997	-	228,760	31,891	1,310	-	240,758	623,626	(12,436)	611,190
Professional fees	44,200	80,464	5,300	5,389	8,829	-	13,979	4,524	5,025	-	63,202	230,912	(54,745)	176,167
Occupancy	593,661	527,882	-	-	-	-	-	-	20,125	-	-	1,141,668	(685,380)	456,288
Miscellaneous	-	64	550	-	-	-	42	-	2,068	-	143,934	146,658	-	146,658
Meetings and events	40,220	-	-	-	-	-	-	-	-	-	-	40,220	-	40,220
Marketing	17,652	40,070	-	-	-	-	-	-	-	-	-	57,722	-	57,722
Conference, travel, and training	21,245	35,891	299	-	-	-	-	-	-	-	-	57,435	-	57,435
Contractual services	260,238	-	-	-	2,290	-	-	-	-	-	-	262,528	(159,780)	102,748
Staff outing	2,669	-	-	-	-	-	-	-	-	-	-	2,669	-	2,669
Dues and subscriptions	-	3,507	-	-	-	-	-	-	1,696	-	-	5,203	-	5,203
Software and support	-	19,818	-	-	-	-	5,342	-	-	-	10,072	35,232	-	35,232
Insurance	37,269	13,044	-	16,155	22,765	-	45,289	15,184	3,223	-	85,025	237,954	(13,044)	224,910
Equipment rental	47,467	21,987	-	-	-	-	-	-	5,423	-	-	74,877	(10,319)	64,558
Fees and bank charges	32,436	18,315	699	-	-	-	2,820	-	4,617	409	1,543	60,839	-	60,839
Program expenses	40,176	1,365,580	-	-	-	-	-	-	9,555	-	-	1,415,311	(66,101)	1,349,210
Publication and books	17,069	966	-	-	-	-	-	-	-	-	-	18,035	-	18,035
Management fees	-	-	15	71,865	15,000	-	229,665	29,495	-	9,008	644,920	999,968	(875,387)	124,581
Bad debts	3,557	2,084	-	2,757	5,058	-	-	-	-	-	-	13,456	-	13,456
Registration and fees	-	2,447	-	-	-	-	11,770	-	-	-	-	14,217	(5,345)	8,872
Interest and finance costs	25,037	-	398	2,437	294,723	-	-	92,154	-	-	8,888	423,637	-	423,637
Property taxes	-	-	-	-	51,896	-	239,374	-	-	4,728	103,982	399,980	-	399,980
Income tax expense	-	-	194	-	-	-	-	-	-	44,943	-	45,137	-	45,137
Depreciation and amortization	23,520	24,769	-	76,762	137,028	-	51,132	119,656	724	-	922,944	1,356,535	(7,937)	1,348,598
Total Expenses	6,182,300	5,406,306	47,103	250,436	645,758	-	906,812	317,947	564,409	59,088	2,531,023	16,911,182	(2,146,213)	14,764,969
Change in Net Assets (Deficit) Before Non-Controlling Limited Partners' Interest in Losses of Consolidated Affiliates An	113,125	(187,919)	91,605	(64,491)	84,728	-	104,147	(43,122)	17,031	96,235	34,641	245,980	(358,330)	(112,350)
Non-controlling Limited Partners' Interest in Losses of Consolidated Affiliates	-	-	-	-	-	-	-	-	-	-	123,758	123,758	-	123,758
Change in Net Assets (Deficit)	$ 113,125	$ (187,919)	$ 91,605	$ (64,491)	$ 84,728	$ -	$ 104,147	$ (43,122)	$ 17,031	$ 96,235	$ 158,399	$ 369,738	$ (358,330)	$ 11,408

*Audited by other auditors

See independent auditors' report

Fifth Avenue Committee, Inc.
and Subsidiaries

Uniform Guidance
Reports and Schedules

June 30, 2017

Fifth Avenue Committee, Inc. and Subsidiaries

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Education				
Pass Through New York State Department of Education:				
Adult Education - Basic Grants to States	84.002	C402179	$ -	$ 400,000
Adult Education - Basic Grants to States	84.002	C402159	-	400,000
Total Department of Education			-	800,000
Department of Housing and Urban Development				
Pass Through Enterprise Community Partners, Inc.:				
Section 4 Capacity Building for Community Development and Affordable Housing	14.252	15SG0089	-	50,000
Department of Energy				
Pass Through Gowanus Grid and Electric:				
State Energy Program Special Projects	81.119	Not available	-	5,000
Total Expenditures of Federal Awards			$ -	$ 855,000

See independent auditors’ report and notes to schedule of expenditures of federal awards

Fifth Avenue Committee, Inc. and Subsidiaries

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Fifth Avenue Committee, Inc. and Subsidiaries (the "Corporation") under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of the Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Since the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not represent the financial position, activities, changes in net assets or cash flows of the Corporation.

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

The Corporation has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

Board of Directors
Fifth Avenue Committee, Inc. and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Fifth Avenue Committee, Inc. and Subsidiaries (the "Corporation"), which comprise the consolidated statement of financial position as of June 30, 2017 and the related consolidated statements of activities, functional expenses and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated December 18, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Corporation's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

December 18, 2017

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

Board of Directors
Fifth Avenue Committee, Inc. and Subsidiaries

Report on Compliance for Each Major Federal Program

We have audited Fifth Avenue Committee, Inc. and Subsidiaries' (the "Corporation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended June 30, 2017. The Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Corporation's compliance with those requirements.

PKF O'CONNOR DAVIES, LLP
500 Mamaroneck Avenue, Harrison, NY 10528 I Tel: 914.381.8900 I Fax: 914.381.8910 I www.pkfod.com

Opinion on Each Major Federal Program

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants, applicable to federal programs. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

PKF O'Connor Davies, LLP

December 18, 2017

Fifth Avenue Committee, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	____ yes __X__ no
Significant deficiency(ies) identified?	____ yes __X__ none reported
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	____ yes __X__ no
Significant deficiency(ies) identified?	____ yes __X__ none reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	____ yes __X__ no
Identification of major federal programs:	

CFDA Number	Name of Federal Program or Cluster
84.002	Adult Education - Basic Grants to States

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	__X__ yes ____ no

Section II – Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2017.

Section III – Federal Award Findings and Questioned Costs

During our audit, we noted no material instances of noncompliance and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.

Section IV – Prior Year Audit Findings

There were no prior year findings.

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