Fifth Avenue Committee, Inc.
and Subsidiaries

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

June 30, 2016

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Uniform Guidance Schedules
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Independent Auditors' Report

Board of Directors
Fifth Avenue Committee, Inc. and Subsidiaries

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, 2016, 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 Corporation, FAC Renaissance HDFC, and Neighbors Helping Neighbors, Inc., (collectively the "Subsidiaries") which statements reflect total assets constituting $16,732,275 of consolidated total assets as of June 30, 2016 and total revenue constituting $1,487,083 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, 2016, 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 24 and 25 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 26, is presented for the purposes of additional analysis, 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 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 20, 2016 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 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 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 20, 2016

**Fifth Avenue Committee, Inc.
and Subsidiaries**

Uniform Guidance
Reports and Schedules

June 30, 2016

Fifth Avenue Committee, Inc. and Subsidiaries

Consolidated Statement of Financial Position
June 30, 2016

ASSETS	
Current Assets	
Cash and cash equivalents	$ 3,276,534
Grants receivable	1,654,183
Accounts receivable, net of an allowance of $39,144 and $38,475	835,143
Prepaid expenses	141,895
Advances to affiliated companies	292,849
Total Current Assets	6,200,604
Investment in LLC	440,842
Replacement reserve	923,338
Operating reserve	2,627,664
Social service reserve	696,722
Property, plant and equipment, net	31,887,272
Property held for resale	2,216,564
Other assets	4,574,545
	$ 49,567,551
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	$ 2,540,913
Accrued expenses	775,292
Mortgages and notes payable, current portion	705,904
Grants payable, subsidiary	5,000
Tenants' deposits payable	155,726
Due to unaffiliated companies	633,002
Total Current Liabilities	4,815,837
IDA funds	98,541
Refundable grants payable	820,000
Other payables	1,202,509
Mortgages and notes payable, net of current portion	31,680,283
Total Liabilities	38,617,170
Net Assets	
Unrestricted	3,532,263
Temporarily restricted	410,065
	3,942,328
Non-controlling Limited Partners' interest in consolidated affiliates	7,008,053
Total Net Assets	10,950,381
	$ 49,567,551

See notes to consolidated financial statements

Fifth Avenue Committee, Inc. and Subsidiaries

Consolidated Statement of Activities
Year Ended June 30, 2016

	Unrestricted				
	Undesignated	For Profit Subsidiaries	Total Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE					
Government grants	$ 2,180,666	$ -	$ 2,180,666	$ -	$ 2,180,666
Contributions - corporations	1,068,567	-	1,068,567	485,900	1,554,467
Contributions - foundations and trusts	3,285,800	-	3,285,800	504,250	3,790,050
Contributions - individuals	150,870	-	150,870	-	150,870
Special events income, net of costs of direct benefit to donors of $66,989 and $82,151	145,359	-	145,359	-	145,359
In-kind contributions	79,000	-	79,000	-	79,000
Management and reimbursable fees	870,653	-	870,653	-	870,653
Development and marketing	84,346	-	84,346	-	84,346
Program services	580,515	-	580,515	-	580,515
Rental income	1,074,629	2,850,523	3,925,152	-	3,925,152
Interest income	15,359	7,182	22,541	-	22,541
Subcontract income	131,128	-	131,128	-	131,128
Other revenue	238,130	129,114	367,244	-	367,244
Net assets released from restrictions	957,619	-	957,619	(957,619)	-
Total Support and Revenue	10,862,641	2,986,819	13,849,460	32,531	13,881,991
EXPENSES					
Program services	9,489,387	-	9,489,387	-	9,489,387
Management and general	390,345	3,428,959	3,819,304	-	3,819,304
Fundraising	591,816	-	591,816	-	591,816
Total Expenses	10,471,548	3,428,959	13,900,507	-	13,900,507
Change in Net Assets Before Non-Controlling Limited Partners' Interest in Losses of Consolidated Affiliates	391,093	(442,140)	(51,047)	32,531	(18,516)
Non-controlling Limited Partners' Interest in Losses of Consolidated Affiliates	-	342,589	342,589	-	342,589
Change in Net Assets (Deficit) Before Nonoperating Changes	391,093	(99,551)	291,542	32,531	324,073
NONOPERATING CHANGES					
Investment loss	(168,600)	-	(168,600)	-	(168,600)
Change in Net Assets	222,493	(99,551)	122,942	32,531	155,473
NET ASSETS					
Beginning of year	3,651,713	(242,392)	3,409,321	377,534	3,786,855
End of year	$ 3,874,206	$ (341,943)	$ 3,532,263	$ 410,065	$ 3,942,328

See notes to consolidated financial statements

Fifth Avenue Committee, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended June 30, 2016

	Program Services	Management and General	Fundraising	Total
PERSONNEL				
Salaries	$ 4,611,639	$ 335,156	$ 338,286	$ 5,285,081
Contributed services - salaries	79,000	-	-	79,000
Payroll taxes and fringe benefits	1,346,087	75,426	111,588	1,533,101
Total Personnel	6,036,726	410,582	449,874	6,897,182
OTHER THAN PERSONNEL				
Administrative	31,922	70,734	-	102,656
Consultants	202,253	58,584	35,142	295,979
Wage subsidy	11,644	-	-	11,644
Repairs and maintenance	98,678	546,450	1,020	646,148
Office supplies and printing	22,527	6,081	10,193	38,801
Telephone and postage	59,537	24,592	7,920	92,049
Utilities	121,707	438,737	3,827	564,271
Professional fees	3,942	166,269	1,875	172,086
Occupancy	180,814	132,546	49,784	363,144
Miscellaneous	1,042	76,912	-	77,954
Automobile, travel and entertainment	6,985	11,746	74	18,805
Meetings and events	9,172	7,148	189	16,509
Marketing	33,328	13,134	2,956	49,418
Direct training	1,267,788	3,893	763	1,272,444
Training and recruiting	19,461	-	-	19,461
Contractual services	7,923	-	-	7,923
Staff outing	3,105	498	212	3,815
Dues and subscriptions	1,626	2,016	-	3,642
Software and support	1,667	12,731	17,765	32,163
Insurance	82,475	184,473	1,635	268,583
Equipment rental	32,122	18,343	3,333	53,798
Fees and bank charges	20,501	18,364	1,101	39,966
Program expenses	276,192	28,330	695	305,217
Publications and books	19,029	699	-	19,728
Management fees	106,616	109,946	-	216,562
Bad debts	9,487	112,620	-	122,107
Registration and fees	-	1,684	150	1,834
Interest expense	413,669	41,192	1,331	456,192
Property taxes	50,009	127,798	-	177,807
Income tax expense	194	16,000	-	16,194
Depreciation and amortization	357,246	1,177,202	1,977	1,536,425
Total Other Than Personnel	3,452,661	3,408,722	141,942	7,003,325
Total Expenses	$ 9,489,387	$ 3,819,304	$ 591,816	$ 13,900,507

See notes to consolidated financial statements

Fifth Avenue Committee, Inc. and Subsidiaries

Consolidated Statement of Cash Flows
Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ (18,516)
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation and amortization	1,536,425
Bad debts	122,107
Investment loss	168,600
Changes in operating assets and liabilities	
Grants receivable	(68,297)
Accounts receivable	(195,302)
Prepaid expenses	48,278
Other assets	(3,634,107)
Accounts payable	(276,228)
Accrued expenses	139,428
Tenant deposits payable	16,375
Other payables	805,067
Grants payable, subsidiary	5,000
Due to unaffiliated companies	(113,128)
Refundable grants payable	(25,000)
Net Cash from Operating Activities	(1,489,298)
CASH FLOWS FROM INVESTING ACTIVITIES	
Deposits to replacement reserve, net	3,065
Deposits to operating reserve, net	(27,844)
Deposits to social service reserve, net	(681)
Investment in LLC	(168,600)
Advances to affiliated companies	(292,849)
Equity close out of South Brooklyn Mutual and Fifth Avenue Corridor LP	(1,514,742)
Disposal of property, plant and equipment	1,602,806
Net Cash from Investing Activities	(398,845)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from notes and mortgage payable	2,533,674
Mortgage and note principal payments	(223,164)
Net Cash from Financing Activities	2,310,510
Net Change in Cash and Cash Equivalents	422,367
CASH AND CASH EQUIVALENTS	
Beginning of year	2,854,167
End of year	$ 3,276,534
SUPPLEMENTAL CASH FLOW INFORMATION	
Interest paid	$ 387,327
Income taxes	16,194

See notes to consolidated financial statements

1. Organization and Tax Status

Fifth Avenue Committee, Inc. ("FAC" or the "Corporation") 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 is the sole member of LEAP, effective January 1, 2000.

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 4th Avenue and 621 DeGraw Street, a commercial building that serves as the headquarters of the Fifth Avenue Committee, Inc. 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. FAC is the sole member, effective November 1, 2011. 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. FAC is the sole member of Sunset. Sunset had no activity in fiscal 2016 and 2015. 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, with FAC as the sole member. The LLC currently is inactive with no financial activity in fiscal 2016 and 2015, and will be used potentially in future real estate projects.

1. Organization and Tax Status *(continued)*

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. FAC owns all of the common shares issued and outstanding of CSS. 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 Housing Development Fund Corporation, d.b.a. FAC Renaissance ("FAC HDFC") was incorporated in May 1981 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. The mission of the FAC HDFC is to own and operate an apartment building located in Brooklyn, New York under the confines of the regulatory agreements with the New York City Department of Housing Preservation and Development and Neighborhood Housing Services of New York City, Inc. The regulatory agreements require FAC HDFC to serve low income tenants from the Brooklyn, New York area. The building consists of eight residential apartments.

FAC*,* owns the general partner in several limited partnership as follows:

Fifth Avenue Rehabilitation Corp. ("FARC") is the general partner of the Fifth Avenue Corridor, Limited Partnership, with a 1% interest. Fifth Avenue Corridor Limited Partnership ("FAC Corridor LP") was created in 1995 to develop and operate 36 units of affordable housing for low-income families in 6 formerly vacant, abandoned buildings. In addition, one building has 4 commercial units. FARC and FAC Corridor LP transferred their assets on June 15, 2016 to FAC Renaissance HDFC to enable the moderate rehabilitation and refinancing of the buildings to maintain the affordability of the units for the long-term while improving their overall operation and energy performance.

South Brooklyn Mutual NRP, Inc. is the general partner of the South Brooklyn Mutual Limited Partnership with a 1% interest. South Brooklyn Mutual Limited Partnership was created in 1996 to renovate and operate 44 apartment units of affordable housing for low-income families and 3 commercial units in 6 buildings formerly owned by the City of New York. SBM NRP and SBM LP transferred their assets on June 15, 2016 to FAC Renaissance HDFC to enable the moderate rehabilitation and refinancing of the buildings to maintain the affordability of the units for the long-term while improving their overall operation and energy performance.

1. Organization and Tax Status *(continued)*

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 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 gentrifying neighborhood.

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.

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 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.

1. Organization and Tax Status *(continued)*

Tax Status

FAC, LEAP, FAC LDC, NHN, FAC HDFC 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 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 is 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.

Affordable Housing and Community Facilities Development

With over 500 units of affordable housing and 30 retail spaces and community facility spaces, FAC manages the second largest portfolio of affordable housing in South Brooklyn. FAC is currently developing over 1,000 additional units, representing nearly $500 million in direct investment in affordable housing throughout Brooklyn and Queens. FAC's current housing preservation and development projects include: *FAC Renaissance HDFC and FAC Renaissance LP*, a two phase preservation project that will result in the preserving and repositioning of 21 buildings consisting of 146 existing units of low income rental housing and 14 storefronts for local businesses in Gowanus, Park Slope and South Park Slope; and the *FAC Sunset Park Library*, an innovative collaboration between FAC and the Brooklyn Public Library ("BPL") to advance the redevelopment of the Sunset Park branch of BPL to include 50 units of multifamily, mixed-use, and 100% affordable housing at a range of incomes in Sunset Park while significantly expanding and modernizing the public library space.

1. Organization and Tax Status *(continued)*

Organizing and Advocacy

This program empowers low-income residents through social and climate justice campaigns that ensure the voices of traditionally marginalized groups are heard and influence public policy that directly impacts their lives. The Organizing and Advocacy unit also provides working poor and low-income residents with one-to-one tenant advocacy and housing counseling services that prevent over 200 evictions each year and improve the housing conditions of hundreds more annually. Following a series of strategic alignment discussions between Fifth Avenue Committee and Families United for Racial and Economic Equality ("FUREE"), in FY16 FUREE voted to merge with FAC while maintaining its member led campaigns, becoming a program of FAC's Organizing and Advocacy Unit. Following NYS Attorney General approval, it is anticipated that FUREE will dissolve as a separate 501(c)(3) in FY17.

Adult Education and Literacy Programs

These programs offer a range of classes, including English for Speakers of Other Languages ("ESOL"), Adult Basic Education ("ABE"), High School Equivalency ("HSE") and family literacy classes at local public schools, churches and civic organizations. Over 850 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. 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 a significant part of FAC's Community Services programs. In the past year, over 1000 households were screened for public benefits; with 50% of those screened accessing benefits, legal and/or financial coaching supports. In FY16, FAC also launched a Financial Opportunity Center ("FOC") to provide one-on-one financial coaching to workforce training participants in a BWI training program.

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"), over 800 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 three of *Stronger Together*, a multi-year collaboration to fight poverty in South Brooklyn public housing complexes in Red Hook and Gowanus, Brooklyn. With four-year core funding from the NYC - Change Capital Fund, FAC is the lead organization in this integrated service model that prepares working age adult public housing residents in Red Hook and Gowanus to succeed in their education and in gaining and sustaining employment. FAC's partners include BWI, Red Hook Initiative and the Southwest Brooklyn Industrial Development Corporation. Over four years, Stronger Together aims to provide services to as many as 1,200 adult residents living in poverty in the five NYCHA developments in Red Hook and Gowanus.

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.

Non-Controlling Limited Partners' Interests

Non-Controlling Limited Partners' Interest in the Corporation's 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 statement of financial position represents the undistributed profits or losses and capital of the Limited Partnerships.

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

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.

Investment in LLC

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

Amortization

Mortgage finance costs are recorded at cost and amortized using the straight line method, which approximates the interest method over the term of the respective mortgages. Lease costs are recorded at cost and amortized using the straight line method over the term of the respective written lease agreement.

Property, Plant and Equipment

Buildings, equipment, fixtures, and leasehold improvements 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.

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

Property, Plant and Equipment (continued)

The useful lives of building, furniture and equipment and leasehold improvements are summarized as follows:

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

Asset Recoverability

FAC 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, 2016.

Capitalized Mortgage Interest

FAC 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.

Net Assets 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. FAC 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.

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

Contributions

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

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 and changes in net assets at their fair value at the time the services are rendered.

Income Taxes

The Corporation accounts for income taxes in accordance with the liability method. Income taxes consist of taxes currently payable plus those deferred due to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. At June 30, 2016 temporary differences were insignificant.

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, 2013.

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 20, 2016.

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 unaffiliated entities that are not required to be consolidated, the "Due to Unaffiliated Companies" as of June 30, 2016 amount due was $6,791,109 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.

The limited partnerships for which the Corporation is the sole general partner are consolidated in the accompanying consolidated financial statements. The non-controlling Limited Partners' interest at June 30, 2016 are as follows:

For Profit Affiliates	Percent of Non-Controlling Ownership	Non-Controlling Interest
Supportive Slope LP	99.99%	$ 2,755,300
551 Warren Street 1 LP	99.99	2,770,314
Atlantic Terrace 12, LLC	66.67	1,482,439
FAC Rennaissance LP	99.99	-
FAC Sunset Park LP	99.99	-
		$ 7,008,053

In connection with the inclusion of these limited partnerships', the change in non-controlling limited partners' interest for the year ended June 30, 2016 is as follows:

Inclusion of Limited Partners' non-controlling interest as of July 1, 2015	$ 6,331,710
Equity adjustment South Brooklyn Mutual LP and Fifth Avenue Corridor LP	1,018,932
Non-controlling Limited Partners' Interest in losses of consolidated affiliates	(342,589)
Non controlling Limited Partners' interest in consoliadted affiliates as of June 30, 2016	$ 7,008,053

4. Reserves

In accordance with the limited partnerships' regulatory agreements, the Partnerships are required to maintain certain reserve accounts. The Operating Reserve account is funded from the Partner's capital contributions and surplus cash as defined in the limited partnership's 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, 2016:

Operating Reserve	$ 2,627,664
Replacement Reserve	923,338
Social Service Reserve	696,722
	$ 4,247,724

5. Retirement Plan

FAC and LEAP have Simplified Employee Pension Plans, which are defined contribution plans. LEAP made contributions of $66,605 for the year ended June 30, 2016. FAC made contributions of $30,122 for the year ended June 30, 2016.

6. Operating Leases

At June 30, 2016, 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, 2016 was $324,024.

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

2017	$ 370,161
2018	359,440
2019	337,740
2020	247,605
2021	244,099
	$ 1,559,045

7. IDA Funds

The Corporation operates an IDA program for eligible individuals who are interested in saving money towards future educational expenses or entrepreneurial projects. The Corporation matches 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, 2016, 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 to the individuals.

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 consolidated affiliated company's are eliminated upon consolidation. However, the $745,000 due to Federal Home Loan Bank from the Corporation is included with 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, 2016:

Land	$ 1,231,741
Buildings	37,064,162
Furniture and equipment	1,492,789
Leasehold improvements	1,996,749
Construction in progress	258,699
	42,044,140
Accumulated depreciation and amortization	(10,156,868)
	$ 31,887,272

Depreciation and amortization expense for the year ended June 30, 2016 was $1,536,425.

10. Property Held for Resale

Property held for resale 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 $2,216,664 and the related mortgage payable amounted to $2,268,500 at June 30, 2016. 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, 2016:

FAC has three lines of credit. The first line of credit with JPMorgan Chase Bank for $406,000 bears a variable interest rate and was renewed on July 21, 2016 and expires on June 1, 2017. It is collateralized by a condominium unit located at 294 Smith Street, Brooklyn, NY. The outstanding borrowing under this line is $282,462 at June 30, 2016. The second line of credit with JPMorgan Chase Bank for $1,000,000 bears a variable interest rate and expires on May 12, 2017. The outstanding borrowing under this line is $0 at June 30, 2016. The third line of credit 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 $511,076 at June 30, 2016.	$ 793,538
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 $2,170,500 at June 30, 2016. The Brooklyn Community Foundation note is collateralized with shares in Red Hook Homes Apartment Corporation, a cooperative housing corporation.	2,170,500
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, 2016. 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 $594,955 at June 30, 2016. 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 $3,530,229 at June 30, 2016. Both loans are collateralized by the FAC Center properties at 621 DeGraw Street and 182 4th Avenue.	4,125,184
	$ 8,800,165

11. Mortgages and Notes Payable *(continued)*

Carry forward	$	8,800,165
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, 2016.		50,000
FAC Advance HDFC obtained a note payable for pre-development loan financing from Local Initiatives Support Corporation ("LISC") for a maximum amount of $737,740, of which $219,658 has been drawn down at June 30, 2016. The loan payable requires quarterly payments of interest only at a fixed interest rate of 7% and matures on May 1, 2018. 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 at June 30, 2016, requires monthly payments of principal and interest at a fixed annualized rate of 5.65% and matures on June 1, 2046. On May 20, 2016, the corporation converted construction financing to a permanent loan with the NYC Department of Housing, Preservation and Development. The mortgage payable in the amount of $1,853,840 at June 30, 2016 requires monthly payments of principal and interest at a fixed annualized rate of 1% and matures on June 1, 2046.		3,298,498
Supportive Slope LP has a mortgage with New York City Housing Preservation and Development Fund. 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.		6,886,601
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.		1,892,396
	$	26,588,226

11. Mortgages and Notes Payable *(continued)*

Carry forward	$	26,588,226
FAC Sunset Park LP has drawn down $49,000 from the National Equity Fund to begin the Sunset Park Library Project. The loan matures on December 31, 2016, and requires monthly payments of interest only at the rate of 6.0% per annum.		49,000
FAC Renaissance HDFC assumed the remaining debts and assets of both Fifth Avenue Corridor LP and South Brooklyn Mutual LP on June 15, 2016. On June 15, 2016 FAC Renaissance HDFC merged and assumed mortgages totaling $2,931,385 with the New York City Housing Development Corporation with terms as follows: 21 months from June 15, 2016 no principal or interest is due, then accruing 1% interest for the next 5 years, then on the 6th anniversary, accruing .5% interest and a payment required of .5% interest. This mortgage will be for a 30 year term beginning on the closing of the permanent.		2,931,385
On June 15, 2016, FAC Renaissance HDFC assumed an enforcement lien with the New York City Department of Housing Preservation and Development for $1,695,551 which is non-amortizing balloon due 30 years after permanent closing. The lien is for 0% interest during the 21 month construction period and the 30 year permanent enforcement lien period.		1,695,551
In addition the debt above, on June 15, 2016 two construction loans were entered into. The first is for a maximum amount of $5,269,061 with the Local Initiatives Support Corporation ("LISC"). The term is 21 months from June 15, 2016 and Is being serviced at .25%. The amount drawn down as of June 30, 2016 was $447,245. The second is with the NYC Department of Housing Preservation & Development with a maximum amount of $3,406,138 for 21 months from June 15, 2016 at 6.0% interest. The amount drawn down as of June 30, 2016 was $674,780.		1,122,025
	$	32,386,187

11. Mortgages and Notes Payable *(continued)*

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

2017	$ 705,904
2018	1,501,466
2019	2,340,861
2020	182,043
2021	359,675
Thereafter	27,296,238
	$ 32,386,187

12. Temporarily Restricted Net Assets - FAC and LEAP

Changes in temporarily restricted net assets for the year ended June 30, 2016 consist of the following:

Purpose/Restriction	Balance, June 30, 2015	Additions	Releases	Balance, June 30, 2016
Fifth Avenue Committee, Inc.				
FUREE costs & mergers	$ 26,052	$ -	$ (20,175)	$ 5,877
Housing Development	86,999	62,250	(86,999)	62,250
Organizing	40,692	247,000	(155,824)	131,868
SBADI	26,903	70,000	(96,903)	-
Neighborhood Opportunities Fund	81,882	241,900	(252,937)	70,845
Translation equipment	6,000	-	(6,000)	-
Total	268,528	621,150	(618,838)	270,840
LEAP, Inc.				
Capacity Building for New Intiatives at Brooklyn Navy Yard	100,936	200,000	(240,754)	60,182
Piloit program serving young adults	675	-	(675)	-
Equipment	-	10,000	-	10,000
Support to Training Graduates	7,395	24,000	(10,041)	21,354
Enhance Marketing and Communications	-	50,000	(2,311)	47,689
Invest in Youth Program	-	25,000	(25,000)	-
NY Drives	-	10,000	(10,000)	-
Red Hook on the Road and New York Drives	-	50,000	(50,000)	-
Total	109,006	369,000	(338,781)	139,225
	$ 377,534	$ 990,150	$ (957,619)	$ 410,065

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 21% of the total grants receivable at June 30, 2016. Receivables are expected to be collected in the normal course of business.

* * * * *

Fifth Avenue Committee, Inc.
and Subsidiaries

Supplementary Information

June 30, 2016

Fifth Avenue Committee, Inc. and Subsidiaries

Consolidating Schedule of Financial Position
June 30, 2016

	Fifth Avenue Commitee, Inc.	Leap, Inc.	FAC Red Hook Homes, Inc.	* 588 Park Place HFDC	* FAC LDC	* Community Staffing Solutions, Inc.	* FAC Renaissance HDFC	* FAC Advance HDFC	* Neighbors Helping Neighbors, Inc.	General Partners	Limited Partners	Total	Eliminations	Consolidated
ASSETS														
Current Assets														
Cash and cash equivalents	$ 356,561	$ 1,083,054	$ 28,867	$ 189,983	$ 34	$ -	$ 93,995	$ 26,204	$ 190,975	$ 70	$ 1,306,791	$ 3,276,534	$ -	$ 3,276,534
Grants receivable	765,270	947,683	-	-	-	-	-	-	-	-	-	1,712,953	(58,770)	1,654,183
Accounts receivable, net	26,287	514,228	87,655	2,517	97,016	-	79,987	26,554	108,847	-	(19,335)	923,756	(88,613)	835,143
Prepaid expenses	35,683	22,366	-	1,851	4,127	-	-	16,428	-	-	61,440	141,895	-	141,895
Advances due from affiliated companies	2,020,981	-	-	-	-	-	170,089	-	-	-	-	2,191,070	(1,898,221)	292,849
Total Current Assets	3,204,782	2,567,331	116,522	194,351	101,177	-	344,071	69,186	299,822	70	1,348,896	8,246,208	(2,045,604)	6,200,604
Investments in affiliated companies	-	-	-	-	-	-	-	-	-	505,049	-	505,049	(505,049)	-
Investment in LLC	-	-	-	-	-	-	-	440,842	-	-	-	440,842	-	440,842
Replacement reserve	-	-	-	62,909	93,888	-	-	-	-	-	766,541	923,338	-	923,338
Operating reserve	-	-	-	27,413	-	-	104,091	-	-	-	2,496,160	2,627,664	-	2,627,664
Social Service reserve	-	-	-	-	-	-	-	-	-	-	696,722	696,722	-	696,722
Mortgage receivable	745,000	-	-	-	-	-	-	-	-	-	-	745,000	(745,000)	-
Property, plant and equipment, net	337,548	36,539	-	1,496,849	4,141,402	-	3,866,810	3,297,523	1,811	-	18,708,790	31,887,272	-	31,887,272
Property held for resale	-	-	2,216,564	-	-	-	-	-	-	-	-	2,216,564	-	2,216,564
Other assets	7,464	40,465	18,388	10,306	191,948	-	1,755,511	229,565	2,800	2,503	2,315,799	4,574,749	(204)	4,574,545
	$ 4,294,794	$ 2,644,335	$ 2,351,474	$ 1,791,828	$ 4,528,415	$ -	$ 6,070,483	$ 4,037,116	$ 304,433	$ 507,622	$ 26,332,908	$ 52,863,408	$ (3,295,857)	$ 49,567,551
LIABILITIES AND NET ASSETS														
Current Liabilities														
Accounts payable	$ 171,879	$ 261,301	$ 71,182	$ 9,113	$ 111,848	$ -	$ 90,061	$ 45,201	$ 67,348	$ 20,130	$ 1,781,463	$ 2,629,526	$ (88,613)	$ 2,540,913
Accrued expenses	205,857	136,393	-	-	24,093	-	-	-	8,580	-	400,369	775,292	-	775,292
Mortgages and notes payable, current portion	529,450	-	-	-	127,454	-	-	-	-	-	49,000	705,904	-	705,904
Grants payable, subsidiary	63,770	-	-	-	-	-	-	-	-	-	-	63,770	(58,770)	5,000
Tenants' deposits payable	39,804	-	-	12,504	23,850	-	59,960	19,812	-	-	-	155,930	(204)	155,726
Due to unaffiliated companies	-	-	744,331	-	-	-	164,788	454,082	-	-	1,168,022	2,531,223	(1,898,221)	633,002
Total Current Liabilities	1,010,760	397,694	815,513	21,617	287,245	-	314,809	519,095	75,928	20,130	3,398,854	6,861,645	(2,045,808)	4,815,837
IDA funds	98,541	-	-	-	-	-	-	-	-	-	-	98,541	-	98,541
Refundable grants payable	820,000	-	-	-	-	-	-	-	-	-	-	820,000	-	820,000
Other payables	208	27,531	-	427,014	-	-	6,713	330,000	-	411,043	-	1,202,509	-	1,202,509
Mortgages and notes payable, net of current portion	264,188	-	2,170,500	1,710,943	3,997,730	50,000	5,748,961	3,298,498	-	-	15,184,463	32,425,283	(745,000)	31,680,283
Total Liabilities	2,193,697	425,225	2,986,013	2,159,574	4,284,975	50,000	6,070,483	4,147,593	75,928	431,173	18,583,317	41,407,978	(2,790,808)	38,617,170
Net Assets (Deficit)														
Unrestricted	1,830,257	2,079,885	(634,539)	(367,746)	243,440	(50,000)	-	(110,477)	228,505	76,449	741,538	4,037,312	(505,049)	3,532,263
Temporarily restricted	270,840	139,225	-	-	-	-	-	-	-	-	-	410,065	-	410,065
	2,101,097	2,219,110	(634,539)	(367,746)	243,440	(50,000)	-	(110,477)	228,505	76,449	741,538	4,447,377	(505,049)	3,942,328
Non-controlling Limited Partners' interest in consolidated affiliates	-	-	-	-	-	-	-	-	-	-	7,008,053	7,008,053	-	7,008,053
Total Net Assets (Deficit)	2,101,097	2,219,110	(634,539)	(367,746)	243,440	(50,000)	-	(110,477)	228,505	76,449	7,749,591	11,455,430	(505,049)	10,950,381
	$ 4,294,794	$ 2,644,335	$ 2,351,474	$ 1,791,828	$ 4,528,415	$ -	$ 6,070,483	$ 4,037,116	$ 304,433	$ 507,622	$ 26,332,908	$ 52,863,408	$ (3,295,857)	$ 49,567,551

*Audited by other auditors

See independent auditors' report

Fifth Avenue Committee, Inc. and Subsidiaries

Consolidating Schedule of Activities
Year Ended June 30, 2016

	Fifth Avenue Commitee, Inc.	Leap, Inc.	FAC Red Hook Homes, Inc.	* 588 Park Place HDFC	* FAC Center LDC	* Community Staffing Solutions, Inc.	* FAC Renaissance HDFC	* FAC Advance HDFC	* Neighbors Helping Neighbors, Inc.	General Partners	Limited Partners	Total	Eliminations	Consolidated
SUPPORT AND REVENUE														
Government grants	$ 1,292,461	$ 544,468	$ -	$ -	$ -	$ -	$ -	$ -	$ 343,737	$ -	$ -	$ 2,180,666	$ -	$ 2,180,666
Contributions - corporations	780,400	743,067	-	-	-	-	-	-	31,000	-	-	1,554,467	-	1,554,467
Contributions - foundations and trusts	582,750	3,129,000	-	-	-	-	-	-	78,300	-	-	3,790,050	-	3,790,050
Contributions - individuals	37,577	114,962	-	-	-	-	-	-	1,041	-	-	153,580	(2,710)	150,870
Special events, net	65,697	67,555	-	-	-	-	-	-	13,107	-	-	146,359	(1,000)	145,359
In-kind contributions	-	79,000	-	-	-	-	-	-	-	-	-	79,000	-	79,000
Management and reimbursable fees	1,512,243	-	-	-	-	-	-	-	-	-	-	1,512,243	(641,590)	870,653
Development and marketing fees	105,854	-	-	-	-	-	-	-	-	-	-	105,854	(21,508)	84,346
Program services	-	613,495	-	-	-	-	-	-	27,366	-	-	640,861	(60,346)	580,515
Rental income	511,592	-	139,196	196,119	534,324	-	-	250,731	-	-	2,850,523	4,482,485	(557,333)	3,925,152
Interest income	3,745	11,419	-	378	88	-	-	29	13	75	7,107	22,854	(313)	22,541
Subcontract income	491,726	45,608	-	-	-	-	-	-	-	-	-	537,334	(406,206)	131,128
Other revenue	232,954	-	-	323	7,533	-	-	55	2,939	63,176	65,938	372,918	(5,674)	367,244
Total Support and Revenue	5,616,999	5,348,574	139,196	196,820	541,945	-	-	250,815	497,503	63,251	2,923,568	15,578,671	(1,696,680)	13,881,991
EXPENSES														
Salaries	3,038,894	2,017,037	-	-	-	-	-	-	289,755	-	-	5,345,686	(60,605)	5,285,081
Contributed services - salaries	-	79,000	-	-	-	-	-	-	-	-	-	79,000	-	79,000
Payroll taxes and fringe benefits	894,395	574,601	-	-	-	-	-	-	79,249	-	-	1,548,245	(15,144)	1,533,101
Administrative	-	89,526	-	588	4,355	-	-	15,937	-	4,250	-	114,656	(12,000)	102,656
Consultants	187,970	119,770	-	14,500	-	-	-	-	7,746	-	-	329,986	(34,007)	295,979
Wage subsidy	-	11,644	-	-	-	-	-	-	-	-		11,644	-	11,644
Repairs and maintenance	12,720	3,522	-	12,167	54,243	-	-	23,273	1,795	-	539,878	647,598	(1,450)	646,148
Office supplies and printing	49,406	39,481	33,501	1,787	2,941	-	-	4,851	4,083	-	-	136,050	(97,249)	38,801
Telephone and postage	66,749	36,526	(322)	-	-	-	-	-	5,705	-	5,337	113,995	(21,946)	92,049
Utilities	39,511	42,261	-	27,872	11,380	-	-	26,087	1,309	-	428,132	576,552	(12,281)	564,271
Professional fees	40,350	24,350	3,000	8,010	3,900	-	-	4,995	7,587	-	129,929	222,121	(50,035)	172,086
Occupancy	501,529	389,548	-	-	-	-	-	-	29,400	-	-	920,477	(557,333)	363,144
Miscellaneous	-	5,062	42	-	-	-	-	-	-	-	72,850	77,954	-	77,954
Auto, travel and entertainment	-	18,735	70	-	-	-	-	-	-	-	-	18,805	-	18,805
Meetings and events	16,509	-	-	-	-	-	-	-	-	-	-	16,509	-	16,509
Marketing	27,436	21,982	-	-	-	-	-	-	-	-	-	49,418	-	49,418
Direct training	-	1,272,444	-	-	-	-	-	-	-	-		1,272,444	-	1,272,444
Training and recruiting	19,461	-	-	-	-	-	-	-	-	-	-	19,461	-	19,461
Contractual services	179,775	-	-	-	2,402	-	-	-	-	-	-	182,177	(174,254)	7,923
Staff outing	3,815	-	-	-	-	-	-	-	-	-	-	3,815	-	3,815
Dues and subscriptions	-	2,090	-	-	-	-	-	-	1,552	-	-	3,642	-	3,642
Software and support	-	19,485	-	-	-	-	-	-	-	-	12,678	32,163	-	32,163
Insurance	37,056	12,970	-	14,266	26,476	-	-	20,758	1,958	-	168,069	281,553	(12,970)	268,583
Equipment rental	37,363	22,333	-	-	-	-	-	-	5,007	-	-	64,703	(10,905)	53,798
Fees and bank charges	28,501	12,067	616	-	-	-	-	-	-	584	3,311	45,079	(5,113)	39,966
Program expenses	35,710	302,958	-	-	-	-	-	7,631	8,474	-	-	354,773	(49,556)	305,217
Publication and books	19,129	599	-	-	-	-	-	-	-	-	-	19,728	-	19,728
Management fees	-	-	3,597	71,939	18,000	-	-	13,080	-	29,972	661,493	798,081	(581,519)	216,562
Bad debts	31,931	33,384	-	-	-	-	-	-	-	-	56,792	122,107	-	122,107
Registration and fees	-	1,834	-	-	-	-	-	-	-	-	-	1,834	-	1,834
Interest expense	34,269	-	495	2,437	288,456	-	-	92,650	-	-	38,198	456,505	(313)	456,192
Property taxes	-	-	-	-	50,009	-	-	-	-	10,569	117,229	177,807	-	177,807
Income tax expense	-	-	194	-	-	-	-	-	-	16,000	-	16,194	-	16,194
Depreciation and amortization	20,958	39,155	-	76,762	144,991	-	-	120,147	724	-	1,133,688	1,536,425	-	1,536,425
Total Expenses	5,323,437	5,192,364	41,193	230,328	607,153	-	-	329,409	444,344	61,375	3,367,584	15,597,187	(1,696,680)	13,900,507
Change in Net Assets Before Non-Controlling Limited Partners' Interest in Losses of Consolidated Affiliates	293,562	156,210	98,003	(33,508)	(65,208)	-	-	(78,594)	53,159	1,876	(444,016)	(18,516)	-	(18,516)
Non-controlling Limited Partners' Interest in Losses of Consolidated Affiliates	-	-	-	-	-	-	-	-	-	-	342,589	342,589	-	342,589
Change in Net Assets Before Nonoperating Changes	293,562	156,210	98,003	(33,508)	(65,208)	-	-	(78,594)	53,159	1,876	(101,427)	324,073	-	324,073
NONOPERATING CHANGES														
Investment loss	(168,600)	-	-	-	-	-	-	-	-	-	-	(168,600)	-	(168,600)
Change in Net Assets	$ 124,962	$ 156,210	$ 98,003	$ (33,508)	$ (65,208)	$ -	$ -	$ (78,594)	$ 53,159	$ 1,876	$ (101,427)	$ 155,473	$ -	$ 155,473

*Audited by other auditors
See independent auditors' report

Fifth Avenue Committee, Inc.
and Subsidiaries

Supplementary Information

June 30, 2016

Fifth Avenue Committee, Inc. and Subsidiaries

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

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
Pass Through Local Initiatives Support Corporation:				
Section 4 Capacity Building for Community Development and Affordable Housing	14.252	40089-0067	-	25,000
Total Department of Housing and Urban Development			-	75,000
Total Expenditures of Federal Awards			$ -	$ 875,000

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, 2015

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity for Fifth Avenue Committee, Inc. and Subsidiaries (the "Corporation") under programs of the federal government for the year ended June 30, 2016. 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 Requirement, 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.

4. Nonmonetary Assistance

For the year ended June 30, 2016, the Corporation did not receive any nonmonetary assistance.

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, 2016 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 20, 2016.

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.

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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 Corporation'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 Corporation's control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

December 20, 2016

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, 2016. 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.

Opinion on Each Major Federal Program

In our opinion, Fifth Avenue Committee, Inc. and Subsidiaries 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, 2016.

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 20, 2016

Fifth Avenue Committee, Inc. and Subsidiaries

Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with U.S. 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(s)	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, 2016.

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.