

**NORTHERN MANHATTAN
IMPROVEMENT CORPORATION AND AFFILIATES
FEDERAL IDENTIFICATION
NUMBER 13-2972415**

**CONSOLIDATED FINANCIAL REPORT
JUNE 30, 2010**

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Northern Manhattan Improvement Corporation and Affiliates
New York, New York

We have audited the accompanying consolidated statements of financial position of Northern Manhattan Improvement Corporation and Affiliates as of June 30, 2010 and 2009, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of Northern Manhattan Improvement Corporation and Affiliate's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northern Manhattan Improvement Corporation and Affiliates' internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Northern Manhattan Improvement Corporation and Affiliates as of June 30, 2010 and 2009, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2010 on our consideration of Northern Manhattan Improvement Corporation's and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Northern Manhattan Improvement Corporation and affiliate taken as a whole. The accompanying schedule of expenditures of federal awards on page 41 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the consolidated basic financial statements. In addition, the accompanying schedules on pages 21 to 36 are also presented for the purpose of additional information. Such information has been subjected to the auditing procedures applied in the audit of the consolidated basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the Consolidated basic financial statements taken as a whole.

Wiss & Company

WISS & COMPANY, LLP

Livingston, New Jersey
October 27, 2010

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30,	
ASSETS	2010	2009
CURRENT ASSETS:		
Cash and equivalents	\$ 6,306,681	\$ 2,034,801
Cash - client escrow	38,843	8,843
Grants and contracts receivable	4,005,384	2,147,910
Prepaid expenses	104,890	81,625
Other receivables	49,255	171,804
Total Current Assets	10,505,053	4,444,983
RESTRICTED DEPOSITS AND FUNDED RESERVES:		
Tenant security deposits	5,432	5,180
Reserves and mortgage escrows	101,404	92,158
Total Restricted Deposits and Funded Reserves	106,836	97,338
PROPERTY AND EQUIPMENT, NET	1,416,780	1,463,684
SECURITY DEPOSITS AND OTHER ASSETS	69,217	79,140
	\$ 12,097,886	\$ 6,085,145
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 4,620,375	\$ 707,897
Client escrow payable	36,540	6,540
Accrued vacation payable	172,215	227,042
Refundable advances	2,871,890	1,204,666
Other liabilities	46,940	40,706
Total Current Liabilities	7,747,960	2,186,851
MORTGAGE PAYABLE	2,771,044	2,771,044
COMMITMENT AND CONTINGENCY		
NET ASSETS:		
Deficit	(264,912)	(264,447)
Unrestricted net assets - controlling interest:		
Operations, designated by Board	900,000	900,000
Operations, undesignated	1,393,388	895,193
Total Unrestricted Net Assets - controlling interest	2,028,476	1,530,746
Unrestricted net assets - noncontrolling interest	(449,594)	(403,496)
Total Net Assets	1,578,882	1,127,250
	\$ 12,097,886	\$ 6,085,145

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES

	Year Ended June 30,	
	2010	2009
SUPPORT AND REVENUES:		
Support:		
Grants and contracts	\$ 14,603,307	\$ 12,047,014
Contributions	11,886	70,320
	14,615,193	12,117,334
Revenues:		
Program income	310,154	544,485
Attorney fees	62,393	7,319
Rental income	341,705	256,299
Developer fees	38,000	44,000
Interest income	4,814	12,660
Unrealized gain (loss) on investments	5,255	(10,536)
Realized loss on investments	(233)	(11,421)
Other income	17,658	68,593
	779,746	911,399
Total Support and Revenues	15,394,939	13,028,733
EXPENSES:		
Program services	12,954,648	10,885,810
Support services	1,649,978	1,534,105
NMIC Lead Safe House HDFC	183,492	183,610
453 West 166th Street LP	144,406	358,943
NMIC West 166th Street Owner's Corporation	10,783	10,723
Total Expenses	14,943,307	12,973,191
CHANGE IN NET ASSETS	451,632	55,542
LOSSES ALLOCATED TO NONCONTROLLING INTEREST	46,098	257,026
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	497,730	312,568
NET ASSETS, BEGINNING OF YEAR - CONTROLLING INTEREST	1,530,746	1,218,178
NET ASSETS, END OF YEAR - CONTROLLING INTEREST	\$ 2,028,476	\$ 1,530,746
NET ASSETS, BEGINNING OF YEAR - NONCONTROLLING INTEREST	\$ (403,496)	\$ (146,470)
LOSSES ALLOCATED TO NONCONTROLLING INTEREST	(46,098)	(257,026)
NET ASSETS, END OF YEAR - NONCONTROLLING INTEREST	\$ (449,594)	\$ (403,496)

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets - controlling interest	\$ 497,730	\$ 312,568
Losses allocated to noncontrolling interest	(46,098)	(257,026)
Adjustments to reconcile changes in net assets from operating activities:		
Depreciation and amortization	101,544	110,542
Impairment loss	-	213,260
Unrealized (gain) loss on investments	(5,255)	10,536
Realized loss on investments	233	11,421
Changes in operating assets and liabilities:		
Cash - client escrow	(30,000)	25,000
Tenant security deposits	(252)	14
Grants and contracts receivable	(1,857,474)	659,993
Prepaid expenses	(23,265)	66,662
Other receivables	122,549	(61,586)
Security deposits and other assets	8,442	(13,972)
Accounts payable and accrued expenses	3,912,478	(272,070)
Client escrow payable	30,000	(27,303)
Accrued vacation payable	(54,827)	47,621
Refundable advances	1,667,224	512,006
Other liabilities	6,234	(456)
Net cash from operating activities	4,329,263	1,337,210
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(53,159)	(1,503)
Change in reserves and mortgage escrows	(4,224)	57,656
Net cash from investing activities	(57,383)	56,153
NET CHANGE IN CASH AND EQUIVALENTS	4,271,880	1,393,363
CASH AND EQUIVALENTS, BEGINNING OF YEAR	2,034,801	641,438
CASH AND EQUIVALENTS, END OF YEAR	\$ 6,306,681	\$ 2,034,801

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010

Northern Manhattan Improvement Corporation														
Year Ended June 30, 2010														
Program Services							Support Services				Affiliate NMIC Lead		NMIC West 166th Street Owner's Corporation	
Workforce Development	Adult Literacy	Legal Services	Organizing	Weatherization	Social Services	Total Program Services	Management and General	Program Development	Total Support Services	Total Expenses	Safe House HDFC	453 West 166th Street LP	Street Owner's Corporation	Total
Salaries - Full time	\$ 692,023	\$ 561,359	\$ 1,315,959	\$ 267,708	\$ 812,565	\$ 516,264	\$ 4,165,878	\$ 695,107	\$ 78,540	\$ 773,647	\$ 4,939,525	\$ 18,900	\$ -	\$ 4,958,425
Salaries - Part time	-	323,150	-	-	-	-	323,150	-	-	-	323,150	-	-	323,150
Payroll taxes and fringe benefits - Full time	195,850	158,617	382,370	77,943	235,645	149,789	1,200,214	266,135	22,777	288,912	1,489,126	1,835	-	1,490,961
Payroll taxes and fringe benefits - Part time	-	39,198	-	-	-	-	39,198	-	-	-	39,198	-	-	39,198
Professional fees and program consultants	46,571	371	292,729	25,763	85,355	2,776	453,565	251,509	681	252,190	705,755	9,000	12,703	727,458
Rent emergency	-	-	129,333	-	-	35,534	164,867	-	-	-	164,867	-	-	164,867
Repairs and maintenance	11,577	7,856	23,036	3,098	35,465	5,035	86,067	12,415	1,146	13,561	99,628	14,421	39,486	153,535
Rent	153,825	209,420	348,185	38,310	143,405	61,808	954,953	120,092	11,436	131,528	1,086,481	-	-	1,086,481
Utilities	10,367	11,578	22,218	615	30,191	3,435	78,404	2,850	861	3,711	82,115	38,183	31,627	151,925
Program expenses	14,433	7,915	951	74	237,685	1,426	262,484	70	-	70	262,554	-	-	262,554
Stipends	623	7,443	90	-	2,968	10	11,134	168	-	168	11,302	-	-	11,302
Day care provider payments	1,032,760	-	-	-	-	-	1,032,760	-	-	-	1,032,760	-	-	1,032,760
Office expenses	8,988	16,239	21,554	301	22,718	6,129	75,929	10,879	1,009	11,888	87,817	1,753	-	89,570
Postage	2,674	5,233	8,013	190	16,875	1,006	33,991	2,747	427	3,174	37,165	-	-	37,165
Telephone	7,612	6,681	31,517	186	30,114	5,673	81,783	4,220	810	5,030	86,813	120	-	86,933
Subcontract material and labor	-	-	-	-	3,598,061	-	3,598,061	-	-	-	3,598,061	-	-	3,598,061
Insurance	4,606	1,982	20,311	929	66,806	7,244	101,878	737	874	1,611	103,489	15,742	8,806	128,037
Meetings, conferences and training	50	-	7,865	40	32,477	-	40,432	5,610	-	5,610	46,042	-	-	46,042
Travel	1,614	454	2,180	326	10,084	1,480	16,138	6,471	-	6,471	22,609	-	-	22,609
Client Travel	18,232	11,597	1,474	44	-	1,219	32,566	65	-	65	32,631	-	-	32,631
Printing and publications	3,751	2,021	12,334	1,164	56,924	1,166	77,360	344	902	1,246	78,606	-	-	78,606
Equipment purchase	-	2,483	701	10,110	-	-	13,294	2,251	-	2,251	15,545	-	-	15,545
Equipment repair and leasing	9,585	8,569	21,004	968	22,681	6,246	69,053	5,951	864	6,815	75,868	-	-	75,868
Books and subscriptions	-	2,971	9,475	-	481	247	13,174	5	-	5	13,179	-	-	13,179
Partnership management fees	-	-	-	-	-	-	-	-	-	-	-	14,284	10,914	36,112
Property management fees	-	-	-	-	-	-	-	-	-	-	-	7,735	-	7,735
Interest	-	-	-	-	-	-	-	-	-	-	-	11,906	-	11,906
Performance-based contract expenses	-	-	-	-	-	-	-	112,514	-	112,514	112,514	-	-	112,514
Other costs	6,590	1,216	3,669	572	11,122	1,168	24,337	28,080	160	28,240	52,577	6,345	4,757	63,548
Total expenses before depreciation, amortization and impairment	2,221,731	1,386,353	2,654,267	418,932	5,461,732	807,655	12,950,670	1,528,220	120,487	1,648,707	14,599,377	120,583	127,934	14,858,677
Depreciation and amortization	1,712	1,068	2,045	323	4,208	622	9,978	1,178	93	1,271	11,249	62,909	27,386	101,544
Total expenses	2,223,443	1,387,421	2,656,312	419,255	5,465,940	808,277	12,960,648	1,529,398	120,580	1,649,978	14,610,626	183,492	155,320	14,960,221
Eliminations	-	-	-	-	(6,000)	-	(6,000)	-	-	-	(6,000)	-	(10,914)	(16,914)
Consolidated Total Expenses	\$ 2,223,443	\$ 1,387,421	\$ 2,656,312	\$ 419,255	\$ 5,459,940	\$ 808,277	\$ 12,954,648	\$ 1,529,398	\$ 120,580	\$ 1,649,978	\$ 14,604,626	\$ 183,492	\$ 144,406	\$ 14,943,307

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2009

Northern Manhattan Improvement Corporation															
Year Ended June 30, 2009															
Program Services							Support Services				Affiliate NMIC Lead		NMIC West 166th Street Owner's Corporation		Total
Workforce Development	Adult Literacy	Legal Services	Organizing	Weatherization	Social Services	Total Program Services	Management and General	Program Development	Total Support Services	Total Expenses	Safe House HDFC	453 West Street LP	166th Street LP	Owner's Corporation	Total
Salaries - Full time	\$ 904,278	\$ 517,961	\$ 1,453,915	\$ 241,462	\$ 588,524	\$ 509,350	\$ 4,215,490	\$ 585,572	\$ 77,000	\$ 662,572	\$ 4,878,062	\$ 18,200	\$ -	\$ -	\$ 4,896,262
Salaries - Part time	-	345,712	-	-	-	11,550	357,262	-	-	-	357,262	-	-	-	357,262
Payroll taxes and fringe benefits - Full time	243,960	140,016	396,547	65,118	163,464	138,253	1,147,358	179,143	20,790	199,933	1,347,291	2,298	-	-	1,349,589
Payroll taxes and fringe benefits - Part time	-	36,438	-	-	-	1,217	37,655	-	-	-	37,655	-	-	-	37,655
Professional fees and program consultants	28,123	134	64,933	18,644	38,684	14,917	165,435	243,906	592	244,498	409,933	9,316	11,926	-	431,175
Rent emergency	-	-	43,387	-	-	38,044	81,431	-	-	-	81,431	-	-	-	81,431
Repairs and maintenance	10,766	12,162	36,711	3,878	15,577	6,867	85,961	9,930	1,223	11,153	97,114	15,707	28,024	-	140,845
Rent	144,019	183,455	356,995	42,183	113,855	116,742	957,249	135,366	12,171	147,537	1,104,786	-	-	-	1,104,786
Utilities	9,989	9,100	30,311	3,067	13,464	8,101	74,032	8,457	1,078	9,535	83,567	41,563	33,542	-	158,672
Program expenses	100,058	15,308	128	-	237,154	7	352,655	3,956	-	3,956	356,611	-	-	-	356,611
Stipends	-	9,532	-	-	-	275	9,807	931	-	931	10,738	-	-	-	10,738
Day care provider payments	910,692	-	-	-	-	-	910,692	-	-	-	910,692	-	-	-	910,692
Office expenses	13,577	10,638	12,741	446	12,821	6,267	56,490	8,847	901	9,748	66,238	1,873	-	-	68,111
Postage	3,203	4,139	8,398	590	9,540	2,212	28,082	2,574	371	2,945	31,027	-	-	-	31,027
Telephone	10,478	7,624	30,377	1,167	16,438	9,010	75,094	8,635	860	9,495	84,589	120	-	-	84,709
Subcontract material and labor	-	-	-	-	1,990,499	-	1,990,499	15	-	15	1,990,514	-	-	-	1,990,514
Subcontract - Programs	5,000	-	-	-	-	-	5,000	-	-	-	5,000	-	-	-	5,000
Insurance	3,914	695	14,539	7,184	61,826	8,965	97,123	2,920	928	3,848	100,971	12,732	12,748	-	126,451
Meetings, conferences and training	1,753	115	2,261	-	28,408	546	33,083	3,148	-	3,148	36,231	-	-	-	36,231
Travel	1,902	216	2,290	190	13,102	3,250	20,950	5,707	-	5,707	26,657	-	-	-	26,657
Client Travel	12,620	4,000	1,252	24	-	1,098	18,994	-	-	-	18,994	-	-	-	18,994
Printing and publications	2,084	1,917	2,811	178	16,679	681	24,350	2,600	60	2,660	27,010	-	-	-	27,010
Equipment repair and leasing	37,569	7,951	26,223	3,209	12,034	9,022	96,008	14,546	1,003	15,549	111,557	-	-	-	111,557
Books and subscriptions	995	-	9,702	-	265	-	10,962	563	-	563	11,525	-	-	-	11,525
Partnership management fees	-	-	-	-	-	-	-	-	-	-	-	93,291	10,394	10,394	114,079
Property management fees	-	-	-	-	-	-	-	-	-	-	-	-	8,100	-	8,100
Interest	-	-	-	-	-	-	-	-	-	-	-	-	11,906	-	11,906
Performance-based contract expenses	-	-	-	-	-	-	-	114,536	-	114,536	114,536	-	-	-	114,536
Other costs	7,798	667	6,562	810	12,757	1,151	29,745	84,108	202	84,310	114,055	5,601	3,673	329	123,658
Total expenses before depreciation, amortization and impairment	2,452,778	1,307,780	2,500,083	388,150	3,345,091	887,525	10,881,407	1,415,460	117,179	1,532,639	12,414,046	200,701	120,313	10,723	12,745,783
Depreciation and amortization	2,345	1,250	2,390	371	3,198	849	10,403	1,353	113	1,466	11,869	62,909	35,764	-	110,542
Impairment Loss	-	-	-	-	-	-	-	-	-	-	-	-	213,260	-	213,260
Total expenses	2,455,123	1,309,030	2,502,473	388,521	3,348,289	888,374	10,891,810	1,416,813	117,292	1,534,105	12,425,915	263,610	369,337	10,723	13,069,585
Eliminations	-	-	-	-	(6,000)	-	(6,000)	-	-	-	(6,000)	(80,000)	(10,394)	-	(96,394)
Consolidated Total Expenses	\$ 2,455,123	\$ 1,309,030	\$ 2,502,473	\$ 388,521	\$ 3,342,289	\$ 888,374	\$ 10,885,810	\$ 1,416,813	\$ 117,292	\$ 1,534,105	\$ 12,419,915	\$ 183,610	\$ 358,943	\$ 10,723	\$ 12,973,191

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Nature of Organization and Summary of Significant Accounting Policies:

Principles of Consolidation - The consolidated financial statements include the accounts of Northern Manhattan Improvement Corporation, NMIC Lead Safe House HDFC, 453 West 166th Street Limited Partnership and NMIC West 166th Street Owner's Corporation (collectively referred to as the "Organization"). The entities are consolidated based on control and economic interest. The interest in 453 West 166th Street Limited Partnership not owned by NMIC West 166th Street Owner's Corporation is reflected as a non-controlling interest in the accompanying consolidated financial statements.

The financial position and results of operations presented in the accompanying consolidated financial statements do not represent those of a single legal entity. All significant intercompany transactions and accounts have been eliminated in combination.

Nature of the Organizations - Northern Manhattan Improvement Corporation, ("NMIC"), is a community-based, not-for-profit organization incorporated in the State of New York in March of 1979. NMIC's mission is to serve as a catalyst for positive change in the lives of the people in the Washington Heights and Inwood Community on their paths to secure and prosperous futures.

NMIC preserves affordable housing through legal services, community organizing and building weatherization; NMIC promotes economic self-sufficiency through adult education and workforce development; and stabilizes families through social services, health education and domestic violence intervention. All NMIC's services are free and bilingual in English and Spanish.

NMIC Lead Safe House HDFC is a not-for-profit organization incorporated in February 2001 under the laws of the State of New York for the purpose of operating a building with 12 apartments. Five apartments are furnished and dedicated as temporary residences for lead safe housing; six apartments are rented as permanent residential units for low-income families and one unit is designated for use by the building's superintendent. Rental units are leased to qualified tenants in order for the project to qualify as a low-income housing project under Section 42(g)(1)(b) of the Internal Revenue Code.

NMIC Lead Safe House HDFC leases space for storage and apartments totaling \$6,000 to NMIC. Two members of the Board of Directors are members of NMIC.

453 West 166th Street Limited Partnership (453 West) is a limited partnership organized in September 1991 under the laws of the State of New York. The Partnership rehabilitated and operates 13 apartments for low-income tenants located in New York, New York. NMIC West 166th Street Owner's Corporation (Owner's Corporation) is the general partner of 453 West (1% ownership) and the wholly owned subsidiary of NMIC.

Basis for Presentation - The Organization conforms with Statement of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 958, Financial Statements for Not-for-Profit Organizations. Under FASB ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. NMIC had accounting transactions in one of the net asset categories required by FASB ASC Topic 958. The unrestricted net assets category represents net assets that are not subject to donor-imposed stipulations.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Nature of Organization and Summary of Significant Accounting Policies: (Continued)

The Organization is also in conformity with FASB ASC Topic 958-605, "Accounting for Contributions Received and Contributions Made." In conformity with FASB ASC 958-605, contributions received, if any, are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Estimates and Uncertainties - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the amounts of revenues and expenses during the reporting period. Actual results, as determined at a later date, could differ from those estimates.

Support and Revenues:

Unrestricted: NMIC may retain net assets at the discretion of the funding sources. Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by NMIC with the terms of the grants or contracts.

Program income, attorney fees, developer fees, and interest income are recognized when earned.

Temporarily Restricted: Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. NMIC had no temporarily restricted net assets as of June 30, 2010 and 2009.

Permanently Restricted: Amounts received that are to be held in perpetuity are reported as permanently restricted support that increases that net asset class. The Organization had no permanently restricted net assets as of June 30, 2010 and 2009.

Cash Equivalents - Cash equivalents include money market funds and all other highly liquid short-term investments purchased with maturities of three months or less. Cash in bank deposit accounts, at times, may exceed federally insured limits (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Property and Equipment - Fixed assets acquired by the Organization are considered to be owned by the Organization. Funding sources may have a reversionary interest in the property as well as the determination of use of any proceeds from the sale of these assets.

NMIC follows the practice of capitalizing expenditures for property, furniture and office equipment in excess of \$5,000. Depreciation and amortization of all such items is computed on a straight-line basis over the estimated useful lives of the assets generally as follows:

Building	27½ years
Furniture and equipment	5 years
Vehicles	3 years
Leasehold improvements	life of lease

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Nature of Organization and Summary of Significant Accounting Policies: (Continued)

Impairment of Long-Lived Assets - The Organization evaluates all long-lived assets for impairment. Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying amount is not fully recoverable, an impairment loss is recognized to reduce the carrying amount to fair value, and is charged to expense in the period of impairment. There was no impairment losses recognized in the year 2010. In 2009, 453 West recorded an impairment loss on the residential building. (see Note 14)

Refundable Advances - NMIC records restricted grant/contract support as a refundable advance until it is expended for the purpose of the grant/contract, at which time it becomes unconditional and is recognized as support.

Rental Income - Rental income is recognized for apartment rentals as it is earned.

Income Taxes - NMIC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal or state income taxes in the accompanying financial statements. In addition, NMIC has been determined by the Internal Revenue Services not to be a "private foundation" within the meaning of Section 509(a)(1) of the Code.

NMIC Lead Safe House HDFC is a type D not-for-profit corporation as defined in Section 102(a)(5) of the not-for-profit corporation law of the State of New York. The Corporation is treated as a for-profit corporation for federal income tax purposes but is exempt from New York State and New York City income taxes.

453 West and Owner's Corporation are treated as partnerships and corporations for tax purposes. Partnership taxable income or loss passes through to, and is reportable, by the partners individually. Owner's Corporation has been carrying losses. Losses are carried forward for a period of time (as defined by the IRS) and then permanently suspended if unused. FASB ASC Topic 740 states that losses carried forward should be computed as assets using the applicable tax rate and reported on the consolidating statements of financial position, subject to valuation allowance. In the case of Owner's Corporation, it is more likely than not that the respective asset will never be realized as the possibility of net income or gain is unlikely for these corporations. Therefore, no asset has been recognized in this financial report as the valuation allowance would equal 100% of the asset value.

453 West and Owner's Corporation are no longer subject to federal New York State and New York City income tax examinations for years prior to June 30, 2007.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassification - Certain amounts previously reported have been reclassified to conform to current year presentation.

Subsequent Events - Management of the Organization has reviewed and evaluated all events and transactions from June 30, 2010 through October 27, 2010, the date the financial statements were available for issuance. The effects of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet date, have been recognized in the accompanying consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 - Summary of Grant/Contract Funding:

The following summarizes NMIC's grant/contract support for the year ended June 30, 2010:

<u>Grantor/Funding Source</u>	<u>Grant/ Contract Period</u>	<u>Total Grant/ Contract</u>	<u>Recognized Support</u>
New York State Office of Temporary and Disability Assistance			
- New York State Citizenship	10/01/07-09/30/10	\$ 432,202	\$ 127,382
- Homelessness Prevention Program	04/01/09-03/31/10	164,991	121,046
	04/01/10-03/31/11	164,991	41,248
			<u>289,676</u>
New York State Division of Housing and Community Renewal			
- Neighborhood Preservation Program	07/01/09-06/30/12	300,000	84,830
- Weatherization Assistance Program	04/01/09-03/31/10	4,757,028	4,139,301
- Weatherization Assistance Program	07/01/09-09/30/11	14,431,578	1,754,958
- Restore			184
			<u>5,979,273</u>
The State Education Department /The University of the State of New York			
- Adult Education	07/01/09-06/30/10	518,315	518,315
- Adult Education/Civics	07/01/09-06/30/10	350,082	350,082
			<u>868,397</u>
New York State Department of Health			
- Lead Safe House Program	07/01/09-06/30/10	83,694	83,694
- Child and Adult Care Food Program	10/01/09-09/30/10		251,539
	10/01/08-09/30/09		90,267
			<u>425,500</u>

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 - Summary of Grant/Contract Funding: (Continued)

<u>Grantor/Funding Source</u>	<u>Period</u>	<u>Contract</u>	<u>Support</u>
New York State Office of Court Administration	01/01/09-12/31/09	\$ 20,000	\$ <u>20,000</u>
New York State Division of Criminal Justice Services	10/01/09-09/30/10 04/01/09-09/15/10	90,000 102,066	67,500 <u>102,066</u> <u>169,566</u>
City of New York - Department of Homeless Services			
- Family Anti-Eviction	07/01/09-06/30/10	Fee for Service	582,592
- Family Anti-Eviction - ARRA	07/01/09-06/30/10		269,859
- Home Base Affiliate Services	07/01/09-06/30/10		<u>47,918</u>
			<u>900,369</u>
City of New York - Administration for Children's Services			
- Day Care	07/01/09-06/30/10	777,045	<u>777,045</u>
City of New York - Department of Housing, Preservation & Development			
- Anti-Illegal Eviction and SRO Legal Services	07/01/09-06/30/10	126,409	126,409
- Family Self Sufficiency		293,210	54,405
- Family Self Sufficiency	04/01/10-03/31/11	146,605	26,295
- Neighborhood Preservation Consultant	01/01/09-12/31/11	480,000	179,671
- Housing Preservation Initiative	07/01/09-06/30/10	60,000	<u>60,000</u>
			<u>446,780</u>
City of New York - Department of Youth and Community Development			
- Family Literacy Initiative	08/01/06-08/31/09	434,737	29,149
- Family Literacy Initiative	09/01/09-06/30/10	124,995	124,995
- Immigrant Opportunity Initiative	07/01/09-06/30/10	25,000	25,000
- Health Stat	07/01/09-06/30/10	54,000	54,000
- Neighborhood Development Area	07/01/09-06/30/10	113,776	113,776
- NDA-Immigrants	07/01/09/06/30/10	107,023	107,023
- Legal Assistance Program	07/01/09-06/30/10	99,975	99,975
- Adult Literacy - ARRA	07/01/09-06/30/10	269,038	269,036
- Adult Literacy	07/01/09-06/30/10	78,634	78,634
- Adult Literacy Disconnected Youth Program	07/01/09-06/30/10	125,000	125,000
- Adult Literacy Disconnected Youth Program	07/01/09-06/30/10	30,952	<u>30,952</u>
			<u>1,057,540</u>
MFY Legal Services	07/01/09-06/30/10	116,800	116,800
MFY Assigned Counsel Programs	07/01/09-06/30/10	100,130	83,980

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 - Summary of Grant/Contract Funding: (Continued)

<u>Grantor/Funding Source</u>	<u>Grant/Contract Period</u>	<u>Total Grant/ Contract</u>	<u>Recognized Support</u>
City of New York - Criminal Justice Coordinator's Office	07/01/09-06/30/10	\$ 262,500	\$ <u>262,500</u>
United Way of New York City	10/01/08-09/30/09	75,548	24,377
- Emergency Food and Shelter Program	01/01/10-10/31/10	85,000	42,500
- Emergency Food and Shelter Program	04/01/09-12/31/09		<u>62,600</u>
			<u>129,477</u>
New York State Office of Children and Family Services	04/01/09-03/31/10	150,000	<u>150,000</u>
Northern Manhattan, LLC			<u>135,333</u>
Non-Profit Assistance Corporation - SEEDCO			
- Earned Benefit	07/01/09-06/30/10	31,500	31,500
- NYC Works Rewards (FSS)	05/01/08-04/30/10	147,460	60,926
	05/01/10-12/31/10	29,325	7,848
- HUD	10/01/09-09/30/10	52,650	39,488
	10/01/08-09/30/09	61,750	25,239
- Job Partnership	01/01/10-12/31/10	105,000	49,000
- Facilitated Enrollment	01/01/09-12/31/09	90,000	45,000
	01/01/10-12/31/10	110,000	52,442
- Health Career Initiative	01/01/09-04/11/11	92,856	48,270
- Fatherhood Initiative	07/01/08-09/30/09	88,250	13,691
- Career Pathway Program	02/01/09-01/31/11	142,500	80,480
- Construction Opportunity			3,561
- Back to Work	07/01/09-06/30/10	513,922	422,346
- Back to Work			<u>17,005</u>
			<u>896,796</u>
<u>Other Funds:</u>			
Interest on Lawyer Account Fund of the State of New York			
- Legal Services	04/01/10-03/30/11	675,687	168,922
	01/01/09-03/31/10	1,125,000	675,000
St. James Church	12/07-12/09	50,000	12,500

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 - Summary of Grant/Contract Funding: (Continued)

<u>Grantor/Funding Source</u>	<u>Grant/Contract Period</u>	<u>Total Grant/ Contract</u>	<u>Recognized Support</u>
JP Morgan Chase - Manhattan		\$ 15,000	\$ 15,000
The M&T Charitable Foundation		5,000	5,000
Bank of Tokyo - Mitsubishi UFJ		30,000	30,000
The Consortium for Worker Education	07/01/09-06/30/10	150,000	150,000
The Merck Childhood Asthma Network, Inc.	12/01/05-06/30/10	128,500	33,634
David Berg Foundation		20,000	20,000
Capital One		20,000	20,000
Metlife	12/09-12/10	30,000	30,000
The Sirius Fund		120,000	68,434
The Glickenhau Foundation		1,000	1,000
Ridgewood Savings Bank		1,000	1,000
Westat, Inc.			15,762
Robin Hood Foundation			
- Special Populations	02/13/09-01/12/10	120,000	60,000
Single Stop, USA, Inc.	07/01/09-06/30/10	275,000	275,000
Community Service Society of New York	07/01/09-06/30/10	93,773	93,773
The Hearst Foundation		50,000	50,000
Long Island University		8,000	8,000
City of New York of the President			
- Department of Health		5,000	5,000
CAMBA			
- Legal Services	01/01/09-03/31/10	50,000	50,000
DoVE Safe Horizon, Inc	07/01/09-06/30/10	68,750	68,750
	07/01/09-06/30/10	37,500	<u>37,500</u>
 Total All Funds			 <u>\$ 14,603,307</u>

As displayed on pages 11 to 14, approximately 78% of NMIC's grant/contract funding was provided by seven funding sources: The City of New York Department of Homeless Services, the New York State Division of Housing and Community Renewal, Interest on Lawyer Account Fund of the State of New York, Non-Profit Assistance Corporation, the State Education Department/University of the State of New York, the City of New York, Administration for Children's Services and the City of New York, Department of Youth and Community Development.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 - Grants and Contracts Receivable:

Grants and contracts receivable is comprised of the following:

	June 30,	
	2010	2009
City of New York - Administration for Children's Services	\$ 35,603	\$ 164,924
City of New York - Department of Homeless Services	412,086	348,416
New York State Department of Health	109,420	122,427
New York State Office of Temporary and Disability Assistance	76,842	64,271
The State Education Department	217,099	266,695
City of New York - Criminal Justice Coordinator's Office	2,600	2,600
City of New York - Department of Youth and Community Development	69,356	76,167
City of New York - Department of Housing, Preservation & Development	200,578	223,064
Interest on Lawyer Account Fund of the State of New York	168,922	-
Non-Profit Assistance Corporation - SEEDCO	259,958	229,203
U.S. Department of Justice	-	56,250
Community Service Society of New York	23,416	18,300
DoVE Safe Horizon, Inc	53,125	106,250
United Way of New York City	-	5,485
New York State Division of Housing and Community Renewal	2,036,516	181
Robin Hood Foundation	-	220,000
New York State Office of Children and Family Services	150,000	-
The Consortium for Worker Education	1,837	116,295
MFY Legal Services	46,794	35,530
New York State Unified Court System	30,000	-
Others	111,232	91,852
	<u>\$ 4,005,384</u>	<u>\$ 2,147,910</u>

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Restricted Deposits and Funded Reserves:

453 West's mortgage and other regulatory agreements requires the Partnership to maintain certain escrow deposits and reserves.

Note 5 - Prepaid Expenses:

Prepaid expenses are comprised of the following:

	June 30,	
	2010	2009
Insurance - Northern Manhattan	\$ 20,555	\$ 10,402
Insurance - 453 West 166th Street LP	6,488	6,488
Transit Checks - Northern Manhattan	61,900	43,154
Other	15,947	21,581
	\$ 104,890	\$ 81,625

Note 6 - Property and Equipment:

Property and equipment is comprised of the following:

	June 30,	
	2010	2009
Land - NMIC Lead Safe House HDFC	\$ 1	\$ 1
Building - NMIC Lead Safe House HDFC	1,730,599	1,730,599
Land - 453 West 166th Street LP	650	650
Building - 453 West 166th Street LP	245,939	245,939
Equipment - 453 West 166th Street LP	12,411	12,411
Furniture and equipment- NMIC	65,976	65,976
Vehicles- NMIC	73,380	73,380
Leasehold improvements- NMIC	128,099	74,940
	2,257,055	2,203,896
Less: Accumulated depreciation and amortization	840,275	740,212
	\$ 1,416,780	\$ 1,463,684

Depreciation and amortization expenses totaled \$101,544 and \$110,542 for the years ended June 30, 2010 and 2009, respectively.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7 - Accrued Vacation Payable:

The liability for vacations earned but not taken has been charged to operations. Accrued vacation totaled \$172,215 and \$227,042 as of June 30, 2010 and 2009, respectively.

Note 8 - Refundable Advances:

NMIC records restricted grant/contract support as a refundable advance until it is expended for the purpose of the grant/contract. Refundable advances consist of the following:

	June 30,	
	2010	2009
New York State - Division of Housing and Community Renewal - Weatherization	\$ 2,607,895	\$ 841,135
- Restore	23,888	24,073
City of New York - Administration for Children's Services	-	119,950
Interest on Lawyer Account Fund of the State of New York	-	112,500
Hearst Foundation	-	50,000
Non-Profit Assistance Corporation - SEEDCO	-	20,312
JP Morgan Chase	37,079	-
New York State Office of Children and Families	30,000	-
Vantage Management Services	83,333	-
New York Community Trust	40,000	-
Others	49,695	36,696
	\$ 2,871,890	\$ 1,204,666

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 - Commitment and Contingency:

Commitment:

NMIC leases office space at 76 Wadsworth Avenue, New York, New York under an operating lease through December 2011, which may be extended at NMIC's option for a maximum of two (2) two-year renewals at an increased rate of 2% over the last rental rate in effect between the parties. Annual rent commitments are as follows:

Year Ending June 30, 2011	\$ 945,000
Six months Ending December 31, 2011	<u>472,500</u>
	<u>\$ 1,417,500</u>

Rent expense for the years ended June 30, 2010 and 2009 totaled \$1,086,481 and \$1,104,786.

Contingency:

NMIC is the parent of NMIC West 166th Street Owners Corporation, a wholly owned for-profit subsidiary. NMIC West 166th Street Owners Corporation is the general partner of 453 West 166th Street LP. (a limited partnership). NMIC, as sponsor of the Partnership, has guaranteed the performance of the general partner's obligations under the Partnership Agreement.

Note 10 - Mortgage Payable:

Mortgage payable as of June 30, 2010 consisted of the following:

NMIC Lead Safe House	\$ 1,730,600
453 West	<u>1,040,444</u>
	<u>\$ 2,771,044</u>

NMIC Lead Safe House:

Under the terms of the regulatory agreement, attached to the property (Lead Safe House) is an enforcement lien mortgage. Under the terms of the agreement should the covenants and restrictions be violated within 30 years from the commencement date (June, 2001), a mortgage in the amount of \$1,730,600 will be due to the City of New York.

If on the 25th anniversary of the debt service date, the property is owned by a not-for-profit organization and there has been no default under the Regulatory Agreement, the unpaid principal will be considered paid in five equal annual installments, as follows:

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10 - Mortgage Payable: (Continued)

<u>Anniversary</u>	<u>% Deemed paid</u>
26th	20%
27th	20%
28th	20%
29th	20%
30th	20%
	<u>100%</u>

The HDFC need not make payments on the note so long as the covenants set forth in the regulatory agreement and other loan documents are adhered to. If all regulations and covenants are adhered to for the term of the loan, the HDFC will not be required to repay any of the loan principal. However, if there is a breach of any regulations or covenants, the City of New York can call the loan and repayment will commence.

453 West:

Financing for the 13 apartments operated by 453 West consists of a mortgage from New York City Housing Development Corporation (“HDC”) in the amount of \$952,444 with interest at 1% per annum together with a servicing fee of 1/4% per annum. In addition, a non-interest bearing loan of \$88,000 was borrowed pursuant to Section 17 of the United States Housing Act of 1937. Mortgage loan payable was \$1,040,444 at June 30, 2010 and 2009.

The HDC portion is payable interest and service fees only in equal monthly installments of \$992. The principal balance was due in February 2010. The Section 17 portion was to be deemed satisfied at the same date. HDC is in the process of restructuring the mortgages.

Note 11 - Unrestricted Net Assets - Designated by Board:

The Board has designated \$900,000 of unrestricted net assets for a building fund as of June 30, 2010 and 2009.

Note 12 - Related Party Transactions:

NMIC, the Committee for the Heights-Inwood Homeless, Inc., the 502 W. 173rd Street Tenants’ Association, and the 494 W. 158th Street Tenants’ Association are the members of the Washington Heights HDFC. The Washington Heights HDFC is an exempt organization under section 501(c)(3) of the Internal Revenue Code (43 residential units) and was formed in May 1992. In August 1995, Washington Heights HDFC purchased 494 W. 158th Street, New York, New York, and property at 502 W. 173rd Street, New York, New York. NMIC is the sponsor of Washington Heights HDFC. As sponsor, NMIC has certain responsibilities and management duties. The tenants control Washington Heights HDFC.

Note 13 - Profit Sharing Plan:

NMIC has a 401(k) Profit Sharing Plan and trust covering all eligible employees. Included in payroll taxes and fringe benefits is \$351,536 and \$305,039 for the years ended June 30, 2010 and 2009, respectively, which represents NMIC’s contributions to this plan.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14 - Asset Impairment:

FASB ASC Topic 360 requires that long-lived assets are reviewed for impairment when certain indicators of impairment are present. Impairment exists if estimated future undiscounted cash flows associated with long-lived assets are not sufficient to recover the carrying value of such assets. If estimated future undiscounted cash flows are not sufficient to recover the carrying value of the asset, an impairment charge is recorded for the amount by which the carrying value of the asset exceeds its fair value. Fair value was determined using the current market values in one of three ways – based on recent comparable sales, the income the property generates; or the cost of constructing the property. An asset impairment charge of \$213,260 was recorded for the year ended June 30, 2009, to adjust the land and building to their estimated fair values.

Note 15 - Line-of-Credit:

NMIC has a \$500,000 line-of-credit with a bank which bears interest based on LIBOR. The line of credit expires in March 25, 2011. NMIC did not draw down any funds during the years ended June 30, 2010 and 2009.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2010

ASSETS	Consolidated	Eliminations	Northern Manhattan Improvement Corporation	NMIC Lead Safe House HDFC	453 West 166th Street LP	NMIC West 166th Street Owner's Corporation
CURRENT ASSETS:						
Cash and equivalents	\$ 6,306,681	\$ -	\$ 6,099,901	\$ 178,024	\$ 28,025	\$ 731
Cash - client escrow	38,843	-	38,843	-	-	-
Grants and contracts receivable	4,005,384	-	4,005,384	-	-	-
Due from 453 West 166th Street, L.P.	-	(78,534)	12,224	-	-	66,310
Due from NMIC West 166 Street Owner's Corporation	-	(4,240)	4,240	-	-	-
Due from Northern Manhattan Improvement Corporation	-	(1,732)	-	-	1,732	-
Prepaid expenses	104,890	-	98,402	-	6,488	-
Other receivables	49,255	-	44,979	-	4,276	-
Total Current Assets	<u>10,505,053</u>	<u>(84,506)</u>	<u>10,303,973</u>	<u>178,024</u>	<u>40,521</u>	<u>67,041</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES:						
Tenant Security Deposits	5,432	-	-	-	5,432	-
Reserves and Mortgage Escrows	101,404	-	-	-	101,404	-
Total Restricted Deposits and Funded Reserves	<u>106,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,836</u>	<u>-</u>
PROPERTY AND EQUIPMENT, NET	1,416,780	-	45,114	1,138,571	233,095	-
SECURITY DEPOSITS AND OTHER ASSETS	69,217	-	62,011	-	7,206	-
	<u>\$ 12,097,886</u>	<u>\$ (84,506)</u>	<u>\$ 10,411,098</u>	<u>\$ 1,316,595</u>	<u>\$ 387,658</u>	<u>\$ 67,041</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	\$ 4,620,375	\$ (13,956)	\$ 4,583,070	\$ 39,990	\$ 11,271	\$ -
Client escrow payable	36,540	-	36,540	-	-	-
Accrued vacation payable	172,215	-	172,215	-	-	-
Refundable advances	2,871,890	-	2,871,890	-	-	-
Other Liabilities	46,940	-	-	-	6,083	40,857
Due to NMIC West 166th St. Owners' Corporation	-	(66,310)	-	-	66,310	-
Due to Northern Manhattan Improvement Corporation	-	(4,240)	-	-	-	4,240
Investment in Limited Partnership	-	(286,856)	-	-	-	286,856
Total Current Liabilities	<u>7,747,960</u>	<u>(371,362)</u>	<u>7,663,715</u>	<u>39,990</u>	<u>83,664</u>	<u>331,953</u>
MORTGAGE PAYABLE	2,771,044	-	-	1,730,600	1,040,444	-
COMMITMENT AND CONTINGENCY						
NET ASSETS:						
Deficit	(264,912)	-	-	-	-	(264,912)
Unrestricted net assets - controlling interest:						
Operations, designated by Board	900,000	-	900,000	-	-	-
Operations, undesignated	1,393,388	286,856	1,847,383	(453,995)	(286,856)	-
Total Unrestricted Net Assets - controlling interest	<u>2,028,476</u>	<u>286,856</u>	<u>2,747,383</u>	<u>(453,995)</u>	<u>(286,856)</u>	<u>(264,912)</u>
Unrestricted net assets - noncontrolling interest:	(449,594)	-	-	-	(449,594)	-
Total Net Assets	<u>1,578,882</u>	<u>286,856</u>	<u>2,747,383</u>	<u>(453,995)</u>	<u>(736,450)</u>	<u>(264,912)</u>
	<u>\$ 12,097,886</u>	<u>\$ (84,506)</u>	<u>\$ 10,411,098</u>	<u>\$ 1,316,595</u>	<u>\$ 387,658</u>	<u>\$ 67,041</u>

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2009

ASSETS	Consolidated	Eliminations	Northern Manhattan Improvement Corporation	NMIC Lead Safe House HDFC	453 West 166th Street LP	NMIC West 166th Street Owner's Corporation
CURRENT ASSETS:						
Cash and equivalents	\$ 2,034,801	\$ -	\$ 1,868,534	\$ 109,645	\$ 55,891	\$ 731
Cash - client escrow	8,843	-	8,843	-	-	-
Grants and contracts receivable	2,147,910	-	2,147,910	-	-	-
Due from 453 West 166th Street, L.P.	-	(67,620)	12,224	-	-	55,396
Due from NMIC West 166 Street Owner's Corporation	-	(4,240)	4,240	-	-	-
Due from Northern Manhattan Improvement Corporation	-	(1,732)	-	-	1,732	-
Prepaid expenses	81,625	-	75,137	-	6,488	-
Other receivables	171,804	-	152,500	12,000	7,304	-
Total Current Assets	<u>4,444,983</u>	<u>(73,592)</u>	<u>4,269,388</u>	<u>121,645</u>	<u>71,415</u>	<u>56,127</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES:						
Tenant Security Deposits	5,180	-	-	-	5,180	-
Reserves and Mortgage Escrows	92,158	-	-	-	92,158	-
Total Restricted Deposits and Funded Reserves	<u>97,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,338</u>	<u>-</u>
PROPERTY AND EQUIPMENT, NET	1,463,684	-	3,204	1,201,480	259,000	-
SECURITY DEPOSITS AND OTHER ASSETS	<u>79,140</u>	<u>-</u>	<u>70,453</u>	<u>-</u>	<u>8,687</u>	<u>-</u>
	<u>\$ 6,085,145</u>	<u>\$ (73,592)</u>	<u>\$ 4,343,045</u>	<u>\$ 1,323,125</u>	<u>\$ 436,440</u>	<u>\$ 56,127</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	\$ 707,897	\$ (13,956)	\$ 677,297	\$ 24,832	\$ 19,724	\$ -
Client escrow payable	6,540	-	6,540	-	-	-
Accrued vacation payable	227,042	-	227,042	-	-	-
Refundable advances	1,204,666	-	1,204,666	-	-	-
Other Liabilities	40,706	-	-	-	10,763	29,943
Due to NMIC West 166th St. Owners' Corporation	-	(55,396)	-	-	55,396	-
Due to Northern Manhattan Improvement Corporation	-	(4,240)	-	-	-	4,240
Investment in Limited Partnership	-	(286,391)	-	-	-	286,391
Total Current Liabilities	<u>2,186,851</u>	<u>(359,983)</u>	<u>2,115,545</u>	<u>24,832</u>	<u>85,883</u>	<u>320,574</u>
MORTGAGE PAYABLE	<u>2,771,044</u>	<u>-</u>	<u>-</u>	<u>1,730,600</u>	<u>1,040,444</u>	<u>-</u>
COMMITMENT AND CONTINGENCY						
NET ASSETS:						
Deficit	(264,447)	-	-	-	-	(264,447)
Unrestricted net assets - controlling interest:						
Operations, designated by Board	900,000	-	900,000	-	-	-
Operations, undesignated	895,193	286,391	1,327,500	(432,307)	(286,391)	-
Total Unrestricted Net Assets - controlling interest	<u>1,530,746</u>	<u>286,391</u>	<u>2,227,500</u>	<u>(432,307)</u>	<u>(286,391)</u>	<u>(264,447)</u>
Unrestricted net assets - noncontrolling interest:	(403,496)	-	-	-	(403,496)	-
Total Net Assets	<u>1,127,250</u>	<u>286,391</u>	<u>2,227,500</u>	<u>(432,307)</u>	<u>(689,887)</u>	<u>(264,447)</u>
	<u>\$ 6,085,145</u>	<u>\$ (73,592)</u>	<u>\$ 4,343,045</u>	<u>\$ 1,323,125</u>	<u>\$ 436,440</u>	<u>\$ 56,127</u>

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010

	Consolidated	Eliminations	Northern Manhattan Improvement Corporation	NMIC Lead Safe House HDFC	453 West 166th Street LP	NMIC West 166th Street Owner's Corporation
SUPPORT AND REVENUES:						
Support:						
Grants and contracts	\$ 14,603,307	\$ -	\$ 14,603,307	\$ -	\$ -	\$ -
Contributions	11,886	-	11,886	-	-	-
	<u>14,615,193</u>	<u>-</u>	<u>14,615,193</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues:						
Program income	310,154	-	310,154	-	-	-
Attorney fees	62,393	-	62,393	-	-	-
Partnership Management Fees	-	(10,914)	-	-	-	10,914
Rental income	341,705	(6,000)	88,741	161,804	97,160	-
Developer fees	38,000	-	38,000	-	-	-
Interest income	4,814	-	285	-	4,484	45
Unrealized gain on investments	5,255	-	-	-	5,255	-
Realized loss on investments	(233)	-	-	-	(233)	-
Other income (loss)	17,658	465	15,743	-	2,091	(641)
	<u>779,746</u>	<u>(16,449)</u>	<u>515,316</u>	<u>161,804</u>	<u>108,757</u>	<u>10,318</u>
Total Support and Revenues	<u>15,394,939</u>	<u>(16,449)</u>	<u>15,130,509</u>	<u>161,804</u>	<u>108,757</u>	<u>10,318</u>
EXPENSES:						
Program services	12,954,648	(6,000)	12,960,648	-	-	-
Support services	1,649,978	-	1,649,978	-	-	-
NMIC Lead Safe House HDFC	183,492	-	-	183,492	-	-
453 West 166th Street LP	144,406	(10,914)	-	-	155,320	-
NMIC West 166th Street Owner's Corporation	10,783	-	-	-	-	10,783
Total Expenses	<u>14,943,307</u>	<u>(16,914)</u>	<u>14,610,626</u>	<u>183,492</u>	<u>155,320</u>	<u>10,783</u>
CHANGE IN NET ASSETS	451,632	465	519,883	(21,688)	(46,563)	(465)
LOSSES ALLOCATED TO NONCONTROLLING INTEREST	<u>46,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,098</u>	<u>-</u>
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	497,730	465	519,883	(21,688)	(465)	(465)
NET ASSETS, BEGINNING OF YEAR - CONTROLLING INTEREST	<u>1,530,746</u>	<u>286,391</u>	<u>2,227,500</u>	<u>(432,307)</u>	<u>(286,391)</u>	<u>(264,447)</u>
NET ASSETS, END OF YEAR	<u>\$ 2,028,476</u>	<u>\$ 286,856</u>	<u>\$ 2,747,383</u>	<u>\$ (453,995)</u>	<u>\$ (286,856)</u>	<u>\$ (264,912)</u>

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009

	Consolidated	Eliminations	Northern Manhattan Improvement Corporation	NMIC Lead Safe House HDFC	453 West 166th Street LP	NMIC West 166th Street Owner's Corporation
SUPPORT AND REVENUES:						
Support:						
Grants and contracts	\$ 12,047,014	\$ -	\$ 12,047,014	\$ -	\$ -	\$ -
Contributions	70,320	-	70,320	-	-	-
	<u>12,117,334</u>	<u>-</u>	<u>12,117,334</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues (Losses):						
Program income	544,485	(80,000)	624,485	-	-	-
Attorney fees	7,319	-	7,319	-	-	-
Partnership management fees	-	(10,394)	-	-	-	10,394
Rental income	256,299	(6,000)	32,366	138,935	90,998	-
Developer fees	44,000	-	44,000	-	-	-
Interest income	12,660	-	3,317	-	9,343	-
Unrealized loss on investments	(10,536)	-	-	-	(10,536)	-
Realized loss on investments	(11,421)	-	-	-	(11,421)	-
Other income (loss)	68,593	2,596	4,182	30,727	31,331	(243)
	<u>911,399</u>	<u>(93,798)</u>	<u>715,669</u>	<u>169,662</u>	<u>109,715</u>	<u>10,151</u>
Total Support and Revenues	<u>13,028,733</u>	<u>(93,798)</u>	<u>12,833,003</u>	<u>169,662</u>	<u>109,715</u>	<u>10,151</u>
OPERATING EXPENSES:						
Program services	10,885,810	(6,000)	10,891,810	-	-	-
Support services	1,534,105	-	1,534,105	-	-	-
NMIC Lead Safe House HDFC	183,610	(80,000)	-	263,610	-	-
453 West 166th Street LP	358,943	(10,394)	-	-	369,337	-
NMIC West 166th Street Owner's Corporation	10,723	-	-	-	-	10,723
Total Operating Expenses	<u>12,973,191</u>	<u>(96,394)</u>	<u>12,425,915</u>	<u>263,610</u>	<u>369,337</u>	<u>10,723</u>
CHANGE IN NET ASSETS	55,542	2,596	407,088	(93,948)	(259,622)	(572)
CHANGE IN NET ASSETS ALLOCATED TO NON-CONTROLLING INTEREST	<u>257,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,026</u>	<u>-</u>
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	312,568	2,596	407,088	(93,948)	(2,596)	(572)
NET ASSETS, BEGINNING OF YEAR - CONTROLLING INTEREST	<u>1,218,178</u>	<u>283,795</u>	<u>1,820,412</u>	<u>(338,359)</u>	<u>(283,795)</u>	<u>(263,875)</u>
NET ASSETS, END OF YEAR - CONTROLLING INTEREST	<u>\$ 1,530,746</u>	<u>\$ 286,391</u>	<u>\$ 2,227,500</u>	<u>\$ (432,307)</u>	<u>\$ (286,391)</u>	<u>\$ (264,447)</u>

See accompanying notes to financial statements.

**NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES
NEW YORK STATE - DIVISION OF HOUSING AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE**

SCHEDULE IN SUPPORT OF PROGRAM COMPLIANCE

YEAR ENDED JUNE 30, 2010

	Grant C092241/2009 Contract Period 7/1/2010 9/30/2011	Grant C091041/2009 Contract Period 4/1/2009 6/30/2010
<u>Completed Units Information</u>		
Total number of units contracted for	1,460	674
Total number of units completed per client files as of June 30, 2010		942
Total number of units certified as acceptable and complete by the New York State, Department of State, as of June 30, 2010	-	942

See accompanying notes to financial statements.

**NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES
NEW YORK STATE - DIVISION OF HOUSING AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE
GRANT NUMBER C091041/2009
SCHEDULE OF ASSETS AND LIABILITIES**

YEAR ENDED JUNE 30, 2010

ASSETS

CURRENT ASSETS:

Cash	\$ -
Grant Receivable - NYS DHCR	1,221,117
Due from other funds	<u>788,969</u>
	<u>\$ 2,010,086</u>

LIABILITIES

CURRENT LIABILITES -

Accounts payable	<u>\$ 2,010,086</u>
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See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

**NEW YORK STATE - DIVISION OF HOUSING AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE - GRANT NUMBER C091041/2009**

**SCHEDULE OF ACCOUNTS PAYABLE
JUNE 30, 2010**

<u>Invoice Date</u>	<u>Vendor</u>	<u>Amount</u>
06/30/10	A.S.K Construction, Inc.	\$ 358,618
06/30/10	A.S.K Construction, Inc.	1,944
06/30/10	A.S.K Construction, Inc.	346,236
06/30/10	Conservation Services Group, Inc.	87,172
06/30/10	Conservation Services Group, Inc.	47,002
06/30/10	Consolidated Environmental Inc.	100,370
06/30/10	Entech Supply	8,790
03/31/10	Everyday Mechanical Corporation	1,830
02/25/10	Klairgar, Inc.	66,375
05/12/10	New York Heating Corporation	1,000
05/31/10	NMIC Lead Safe House HDFC	1,000
06/30/10	P.C. Richard	30,619
06/30/10	P.C. Richard	2,500
06/30/10	P.C. Richard	4,719
04/30/10	Power Cooling, Inc.	34,085
06/30/10	Riverdale Electrical Services, Inc.	156,076
06/30/10	Riverdale Electrical Services, Inc.	158,318
06/30/10	Riverdale Electrical Services, Inc.	47,737
06/30/10	Riverdale Electrical Services, Inc.	190,104
12/01/09	SNS Energy Distribution Corporation	5,000
12/01/09	SNS Energy Distribution Corporation	5,000
05/17/10	SNS Energy Distribution Corporation	140,625
05/31/10	SNS Energy Distribution Corporation	197,182
06/30/10	Whole Energy and Hardware, Inc.	1,855
06/30/10	Riverdale Electrical Services, Inc.	<u>15,929</u>
	Total	<u>\$ 2,010,086</u>

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

**NEW YORK STATE - DIVISION OF HOUSING AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE - GRANT NUMBER C091041/2009**

SCHEDULE OF REVENUES AND EXPENDITURES

PROJECT PERIOD APRIL 1, 2009 TO JUNE 30, 2010

	(Unaudited) Budgeted Amount	Incurred Audit Ended 6/30/2009	Incurred Audit Ended 6/30/2010	Total 4/1/2009 6/30/2010	Over (Under) Budget
REVENUES - GRANT INCOME	\$ 4,757,028	\$ 617,727	\$ 4,139,301	\$ 4,757,028	\$ -
EXPENDITURES MATERIAL COSTS:					
Agency	175,000	9,365	13,192	22,557	(152,443)
Subcontracted	<u>1,752,046</u>	<u>103,313</u>	<u>2,104,360</u>	<u>2,207,673</u>	<u>455,627</u>
	<u>1,927,046</u>	<u>112,678</u>	<u>2,117,552</u>	<u>2,230,230</u>	<u>303,184</u>
LABOR COSTS:					
Agency Labor	806,237	183,128	482,357	665,485	(140,752)
Subcontracted	<u>1,197,320</u>	<u>58,094</u>	<u>1,015,658</u>	<u>1,073,752</u>	<u>(123,568)</u>
	<u>2,003,557</u>	<u>241,222</u>	<u>1,498,015</u>	<u>1,739,237</u>	<u>(264,320)</u>
PROGRAM SUPPORT:					
Building maintenance	17,500	1,705	16,796	18,501	1,001
Office supplies	25,000	3,158	31,760	34,918	9,918
Office space	133,750	26,748	107,002	133,750	-
Insurance/bonding	625	-	-	-	(625)
Warehouse	7,500	1,638	5,862	7,500	-
Weatherization tools/supplies	10,000	3,709	3,713	7,422	(2,578)
Utilities/fuel	17,500	3,896	13,604	17,500	-
Vehicle Insurance	15,000	1,013	13,987	15,000	-
Office furniture/equipment	2,500	-	-	-	(2,500)
Vehicle maintenance	8,750	28,926	(16,525)	12,401	3,651
Travel	13,111	3,622	9,859	13,481	370
Weatherization equipment	6,250	-	2,050	2,050	(4,200)
Staff development	6,250	120	6,408	6,528	278
Health and safety	1,875	341	-	341	(1,534)
Telecommunications	22,500	4,418	18,082	22,500	-
Postage and shipping	12,500	2,549	9,951	12,500	-
Advertising/ marketing	10,000	109	1,132	1,241	(8,759)
Printing and copying	22,500	3,407	36,241	39,648	17,148
Dues/fees	3,750	2,640	(1,150)	1,490	(2,260)
Energy audit	80,000	80,000	-	80,000	-
Other allowance	<u>34,250</u>	<u>21,104</u>	<u>9,877</u>	<u>30,981</u>	<u>(3,269)</u>
	<u>451,111</u>	<u>189,103</u>	<u>268,649</u>	<u>457,752</u>	<u>6,641</u>
LIABILITY INSURANCE	<u>68,000</u>	<u>18,675</u>	<u>2,202</u>	<u>20,877</u>	<u>(47,123)</u>
FINANCIAL AUDIT	<u>25,000</u>	<u>5,000</u>	<u>20,000</u>	<u>25,000</u>	<u>-</u>
TRAINING AND TECHNICAL ASSISTANCE	<u>30,000</u>	<u>8,326</u>	<u>21,674</u>	<u>30,000</u>	<u>-</u>
ADMINISTRATIVE COSTS:					
Salaries and fringe	173,134	33,294	122,974	156,268	(16,866)
Other allowance	<u>57,582</u>	<u>9,429</u>	<u>65,099</u>	<u>74,528</u>	<u>16,946</u>
	<u>230,716</u>	<u>42,723</u>	<u>188,073</u>	<u>230,796</u>	<u>80</u>
CAPITAL EQUIPMENT	<u>21,598</u>	<u>-</u>	<u>23,136</u>	<u>23,136</u>	<u>1,538</u>
TOTAL EXPENDITURES	<u>4,757,028</u>	<u>617,727</u>	<u>4,139,301</u>	<u>4,757,028</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

**NEW YORK STATE - DIVISION OF HOUSING AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE - GRANT NUMBER C091041/2009**

**SCHEDULE OF QUESTIONED COSTS
PROJECT PERIOD APRIL 1, 2009 TO JUNE 30, 2010**

NONE

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NEW YORK STATE - DIVISION OF HOUSING AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE - GRANT NUMBER C092241/2009

SCHEDULE OF REVENUES AND EXPENDITURES

PROJECT PERIOD JULY 1, 2009 TO SEPTEMBER 30, 2011

	(Unaudited) Budgeted Amount	Total 7/1/2009 6/30/2010	Over (Under) Budget
REVENUES - GRANT INCOME	\$ 14,431,578	\$ 1,754,958	\$ (12,676,620)
EXPENDITURES MATERIAL COSTS:			
Agency	598,000	49,609	(548,391)
Subcontracted	<u>5,989,894</u>	<u>327,794</u>	<u>(5,662,100)</u>
	<u>6,587,894</u>	<u>377,403</u>	<u>(6,210,491)</u>
LABOR COSTS:			
Agency Labor	1,326,545	514,044	(812,501)
Subcontracted	<u>4,472,654</u>	<u>149,507</u>	<u>(4,323,147)</u>
	<u>5,799,199</u>	<u>663,551</u>	<u>(5,135,648)</u>
PROGRAM SUPPORT:			
Building maintenance	20,000	5,038	(14,962)
Office supplies	50,000	19,303	(30,697)
Office space	133,750	66,875	(66,875)
Insurance/bonding	5,000	-	(5,000)
Warehouse	10,000	1,161	(8,839)
Weatherization tools/supplies	30,000	16,072	(13,928)
Utilities/fuel	30,000	10,529	(19,471)
Vehicle Insurance	25,000	2,134	(22,866)
Office furniture/equipment	20,000	1,788	(18,212)
Vehicle maintenance	25,000	2,330	(22,670)
Travel	30,000	1,107	(28,893)
Weatherization equipment	20,000	8,060	(11,940)
Staff development	15,000	2,175	(12,825)
Health and safety	10,000	572	(9,428)
Telecommunications	30,000	12,032	(17,968)
Postage and shipping	25,000	6,925	(18,075)
Advertising/ marketing	25,000	5,825	(19,175)
Printing and copying	30,000	28,595	(1,405)
Dues/fees	10,000	-	(10,000)
Energy audit	250,000	125,000	(125,000)
Other allowance	<u>107,000</u>	<u>6,452</u>	<u>(100,548)</u>
	<u>900,750</u>	<u>321,973</u>	<u>(578,777)</u>
LIABILITY INSURANCE	<u>120,000</u>	<u>29,364</u>	<u>(90,636)</u>
FINANCIAL AUDIT	<u>55,000</u>	<u>27,500</u>	<u>(27,500)</u>
TRAINING AND TECHNICAL ASSISTANCE	<u>48,000</u>	<u>5,374</u>	<u>(42,626)</u>
ADMINISTRATIVE COSTS:			
Salaries and fringe	624,055	281,521	(342,534)
Other allowance	<u>296,680</u>	<u>48,272</u>	<u>(248,408)</u>
	<u>920,735</u>	<u>329,793</u>	<u>(590,942)</u>
CAPITAL EQUIPMENT	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>14,431,578</u>	<u>1,754,958</u>	<u>(12,676,620)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

**NEW YORK CITY - ADMINISTRATION FOR CHILDREN'S SERVICES
AGENCY FOR CHILD DEVELOPMENT - BUDGET ID NUMBER 10-935EX**

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET VS. ACTUAL

YEAR ENDED JUNE 30, 2010

	(Unaudited) Budgeted Amount	Total 7/1/2009 6/30/2010	Over (Under) Budget
REVENUES:			
ACS	\$ 719,582	\$ 777,045	\$ 57,463
Parent Fees	-	53,708	53,708
	<u>719,582</u>	<u>830,753</u>	<u>111,171</u>
EXPENDITURES:			
Personnel costs:			
ACS regular salaries	59,641	50,902	(8,739)
Employer's FICA	4,563	3,138	(1,425)
Unemployment insurance	842	1,538	696
Personnel insurance	-	-	-
Welfare plans	2,268	10,086	7,818
FCC Initiative Code 37	442,000	-	(442,000)
	<u>509,314</u>	<u>65,664</u>	<u>(443,650)</u>
PROVIDER PARENTS STIPENDS	<u>199,953</u>	<u>753,125</u>	<u>553,172</u>
OTHER NON-ITEMIZED OTPS COSTS:			
Classroom supply and equipment:	4,070	4,070	-
Other OTPS	6,245	7,894	1,649
	<u>10,315</u>	<u>11,964</u>	<u>1,649</u>
TOTAL EXPENDITURES	<u>719,582</u>	<u>830,753</u>	<u>111,171</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

**NEW YORK CITY - ADMINISTRATION FOR CHILDREN'S SERVICES
AGENCY FOR CHILD DEVELOPMENT - BUDGET ID NUMBER 10-935EX**

**DETAILED EXPLANATION OF QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

NONE

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

**NEW YORK CITY - ADMINISTRATION FOR CHILD DEVELOPMENT
AGENCY FOR CHILD DEVELOPMENT - BUDGET ID NUMBER 10-935 EX**

**SCHEDULE OF CONSULTANTS
YEAR ENDED JUNE 30, 2010**

NONE

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

**NEW YORK CITY - ADMINISTRATION FOR CHILD DEVELOPMENT
AGENCY FOR CHILD DEVELOPMENT - BUDGET ID NUMBER 10-935 EX**

**SCHEDULE OF FIXED ASSETS INVENTORY
YEAR ENDED JUNE 30, 2010**

NONE

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
AGENCY FOR CHILD DEVELOPMENT - BUDGET ID NUMBER 10-935 EX**

SCHEDULE OF QUANTITATIVE PROGRAM RESULTS

YEAR ENDED JUNE 30, 2010

1. Average Daily Attendance

A. The average daily attendance for the twelve months under audit (July - June) is 70 children a day.

B. This program is contracted to serve 33 providers a day.

2. Average Number of Meals Served

N/A

3. Average "Raw Food" Cost Per Meal

N/A

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

EXIT CONFERENCE

Grantee: Northern Manhattan Improvements Corporation
Address: 76 Wadsworth Avenue New York, New York 10033
Period Audited: Year ended June 30, 2010
Where Held: Northern Manhattan Improvements Corporation
Date Held: October 26, 2010

In Attendance For:

Northern Manhattan Improvements Corporation

Barbara Lowry - Executive Director
Rosaura Morales - CFO
Carol Rado - Board Member (Treasurer)
David Barr - Board Member
Arnold Weinstein - Board Member
Michael Karp - Board Member (Vice Chair Person)
Elaine Reiss - Board Member (Secretary)

Wiss & Company, LLP

Theresa Dominanni, CPA - Partner
Stephanie Mendoza, CPA - Audit Supervisor

Subjects Discussed

1. Findings and Recommendations - NONE
2. The Draft and Final Report Processing Procedures
3. Grantee's right of response to Findings and Recommendations

Grantee's Comments

NONE

Other Remarks of Comments

NONE

See accompanying notes to financial statements.



**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***

Board of Directors
Northern Manhattan Improvement Corporation and Affiliates
New York, New York

We have audited the consolidated financial statements of Northern Manhattan Improvements Corporation and Affiliates as of and for the year ended June 30, 2010, and have issued our report thereon dated October 27, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Northern Manhattan Improvement Corporation and Affiliates' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northern Manhattan Improvement Corporation and Affiliates' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Northern Manhattan Improvement Corporation and Affiliates' internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Manhattan Improvement Corporation and Affiliates' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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*.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



WISS & COMPANY, LLP

Livingston, New Jersey
October 27, 2010



**REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Northern Manhattan Improvement Corporation and Affiliates
New York, New York

Compliance

We have audited the compliance of Northern Manhattan Improvement Corporation and Affiliates, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Northern Manhattan Improvement Corporation and Affiliates' major federal programs for the year ended June 30, 2010. Northern Manhattan Improvement Corporation and Affiliates' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Northern Manhattan Improvement Corporation and Affiliates' management. Our responsibility is to express an opinion on Northern Manhattan Improvement Corporation and Affiliates' compliance based on our audit.

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 of America and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Northern Manhattan Improvement Corporation and Affiliates' 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. Our audit does not provide a legal determination on Northern Manhattan Improvement Corporation and Affiliates' compliance with those requirements.

In our opinion Northern Manhattan Improvement Corporation and Affiliates complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

Management of Northern Manhattan Improvement Corporation and Affiliates is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Northern Manhattan Improvement Corporation and Affiliates' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Northern Manhattan Improvement Corporation and Affiliates' 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of management, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Wiss & Company

WISS & COMPANY, LLP

Livingston, New Jersey
October 27, 2010

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
Passed through the City of New York, Department of Homeless Services			
- Family Anti-Eviction	93.558	N/A	\$ 291,296
- Family Anti-Eviction - ARRA	14.257	N/A	269,859
- DHS Home Based Affiliated	93.558	N/A	23,959
Passed through the City of New York, New York City Department of Youth and Community Development			
- Adult Literacy - ARRA	93.710	N/A	269,036
- Adult Literacy	14.218	N/A	78,634
- Legal Assistance Program	93.569	N/A	99,975
- Neighborhood Development Area	93.569	N/A	220,799
- Health Stat	93.569	N/A	54,000
Passed through the New York State Division of Housing and Community Renewal			
- Low Income Home Energy Assistance	93.568	C091041/2009	2,635,601
Passed through the New York State Office of Temporary and Disability Assistance			
- Homelessness Prevention	93.558	N/A	111,171
Passed through the Non-Profit Assistance Corporation - SEEDCO			
- HUD	14.169	N/A	64,727
- Back to Work	93.558	N/A	439,351
Passed through the New York State Office of Court Administration			
- Domestic Violence	16.588	N/A	20,000
Passed through the New York State Division of Criminal Justice			
- Violence Against Women	16.588	N/A	67,500
Passed through City of New York - Administration for Children's Services			
- Daycare	93.575	N/A	458,457
U.S. Department of Education			
Passed through the State Education Department/The University of the State of NY			
- ESOL / Civics	84.002A	N/A	350,082
- Adult Education State Grant Program	84.002A	N/A	518,315
U.S. Department of Energy			
Passed through the New York State Division of Housing and Community Renewal			
- Weatherization Assistance Program	81.042	C091041/2009	1,503,700
- Weatherization Assistance Program - ARRA	81.042	C092241/2009	1,754,958
Federal Emergency Management Agency			
Passed through the United Way of New York City			
- Emergency Food and Shelter National Board	97.024	N/A	66,877
- Emergency Food and Shelter National Board - ARRA	97.114	N/A	62,600
U.S. Department of Agriculture			
Passed through the New York State Department of Health			
- Child and Adult Food Care Program	10.558	N/A	<u>341,806</u>
Total Expenditures of Federal Awards			<u>\$ 9,702,703</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

**NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS**

Note 1 - General:

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the Northern Manhattan Improvement Corporation and Affiliates. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included on the schedule of expenditures of federal awards.

Note 2 - Basis of Accounting:

The amounts reported as expenditures in the accompanying schedule of expenditures of federal awards generally were obtained from the appropriate federal reports for the applicable program and period. These reports are periodically reconciled to the general ledger, which is the source of the financial statements.

Note 3 - Other:

This information reported in the accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133 and *Audits of States, Local Governments, and Non-Profit Organizations*.

**NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010**

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
Reportable condition(s) identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u>	None reported
Non-compliance material to financial statements noted?	<u> </u> Yes	<u> X </u>	No

Federal Awards and State Awards

Internal Control over major programs:	Unqualified		
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
Reportable condition(s) identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u>	None Reported
Type of auditors' report issued on compliance for major programs:	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<u> </u> Yes	<u> X </u> No	

Identification of major programs:

<u>Federal</u>	<u>CFDA Number</u>	<u>Amount</u>
Community Services Block Grant	93.569	\$ 374,774
ARRA - Community Services Block Grant	93.710	269,036
Weatherization Assistance Program	81.042	1,503,700
Low Income Home Energy Assistance	93.568	2,635,601
ARRA - Weatherization Assistance Program	81.042	1,754,958
ARRA- Family Anti Eviction	14.257	269,859

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 300,000

Qualified as low-risk auditee X Yes No

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2010

Section II. Financial Statements Findings

NONE

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2010

Section III. Federal Award Findings and Questioned Costs

NONE

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AS PREPARED BY MANAGEMENT**

YEAR ENDED JUNE 30, 2010

Status of Prior Year Findings

There were no prior year findings.