

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

**CONSOLIDATED FINANCIAL REPORT  
JUNE 30, 2009**

# 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, 2009 and 2008, 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, 2009 and 2008, 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 8, 2009 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 8, 2009

**NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

<b>ASSETS</b>	June 30,	
	2009	2008
<b>CURRENT ASSETS:</b>		
Cash and equivalents	\$ 2,034,070	\$ 641,438
Cash - client escrow	8,843	33,843
Grants and contracts receivable	2,147,910	2,807,903
Prepaid expenses	81,625	148,287
Other receivables	171,804	110,218
Total Current Assets	4,444,252	3,741,689
<b>RESTRICTED DEPOSITS AND FUNDED RESERVES:</b>		
Tenant security deposits	5,180	5,194
Reserves and mortgage escrows	92,158	171,771
Total Restricted Deposits and Funded Reserves	97,338	176,965
<b>PROPERTY AND EQUIPMENT, NET</b>	1,463,684	1,785,983
<b>SECURITY DEPOSITS AND OTHER ASSETS</b>	79,140	65,168
	<b>\$ 6,084,414</b>	<b>\$ 5,769,805</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 707,897	\$ 989,068
Client escrow payable	6,540	33,843
Accrued vacation payable	227,042	179,421
Refundable advances	1,204,666	692,660
Other liabilities	10,763	11,219
Investment in limited partnership	10,780	8,184
Total Current Liabilities	2,167,688	1,914,395
<b>MORTGAGE PAYABLE</b>	2,771,044	2,771,044
<b>COMMITMENT AND CONTINGENCY</b>		
<b>NET ASSETS:</b>		
Retained earnings	40,376	32,578
Unrestricted net assets - controlling interest:		
Operations, designated by Board	900,000	900,000
Operations, undesignated	884,413	573,869
Total Unrestricted Net Assets - controlling interest	1,824,789	1,506,447
Unrestricted net assets - noncontrolling interest	(679,107)	(422,081)
Total Net Assets	1,145,682	1,084,366
	<b>\$ 6,084,414</b>	<b>\$ 5,769,805</b>

*See accompanying notes to financial statements.*

**NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

	Year Ended June 30,	
	2009	2008
SUPPORT AND REVENUES:		
Support:		
Grants and contracts	\$ 12,047,014	\$ 11,195,498
Contributed Services	-	15,000
Contributions	<u>70,320</u>	<u>16,527</u>
	<u>12,117,334</u>	<u>11,227,025</u>
Revenues:		
Weatherization management fees	-	17,155
Program income	544,485	206,696
Attorney fees	7,319	2,315
Rental income	256,299	287,533
Developer fees	44,000	20,000
Interest income	12,660	11,413
Unrealized gain (loss) on investments	(10,536)	4,835
Realized loss on investments	(11,421)	(390)
Other income	<u>63,643</u>	<u>10,242</u>
	<u>906,449</u>	<u>559,799</u>
Total Support and Revenues	<u>13,023,783</u>	<u>11,786,824</u>
EXPENSES:		
Program services	10,885,810	10,091,650
Support services	1,534,104	1,240,114
NMIC Lead Safe House HDFC	183,610	177,664
453 West 166th Street LP	358,943	160,160
NMIC West 166th Street Owner's Corporation	-	-
Total Expenses	<u>12,962,467</u>	<u>11,669,588</u>
CHANGE IN NET ASSETS	61,316	117,236
LOSSES ALLOCATED TO NONCONTROLLING INTEREST	<u>257,026</u>	<u>70,136</u>
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	318,342	187,372
NET ASSETS, BEGINNING OF YEAR - CONTROLLING INTEREST	<u>1,506,447</u>	<u>1,319,075</u>
NET ASSETS, END OF YEAR - CONTROLLING INTEREST	<u>\$ 1,824,789</u>	<u>\$ 1,506,447</u>
NET ASSETS, BEGINNING OF YEAR - NONCONTROLLING INTEREST	\$ (422,081)	\$ (351,945)
LOSSES ALLOCATED TO NONCONTROLLING INTEREST	<u>257,026</u>	<u>70,136</u>
NET ASSETS, END OF YEAR - NONCONTROLLING INTEREST	<u>\$ (679,107)</u>	<u>\$ (422,081)</u>

*See accompanying notes to financial statements.*

**NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year Ended June 30,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets - controlling interest	\$ 318,342	\$ 187,372
Losses allocated to noncontrolling interest	(257,026)	(70,136)
Adjustments to reconcile changes in net assets from operating activities:		
Depreciation and amortization	110,542	107,941
Impairment loss	213,260	-
Unrealized (gain) loss on investments	10,536	(4,835)
Realized loss on investments	11,421	390
Changes in operating assets and liabilities:		
Cash, client escrow	25,000	75,000
Tenant security deposits	14	(198)
Grants and contracts receivable	659,993	(808,343)
Prepaid expenses	66,662	21,639
Other receivables	(61,586)	(42,679)
Security deposits and other assets	(13,972)	-
Accounts payable and accrued expenses	(281,171)	(533)
Client escrow payable	(27,303)	(75,000)
Accrued vacation payable	47,621	12,841
Refundable advances	512,006	294,221
Other liabilities	(456)	11,219
Net cash from operating activities	1,333,883	(291,101)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment in limited partnership	2,596	708
Purchase of equipment	(1,503)	-
Change in reserves and mortgage escrows	57,656	(2,507)
Net cash from investing activities	58,749	(1,799)
<b>NET CHANGE IN CASH AND EQUIVALENTS</b>	1,392,632	(292,900)
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	641,438	934,338
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	\$ 2,034,070	\$ 641,438

*See accompanying notes to financial statements.*

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

SUPPLEMENTARY INFORMATION  
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		NMIC		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 166th Street LP	Street Owner's Corporation	
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	830,993	-	-	-	-	-	830,993	-	-	-	830,993	-	-	-	830,993
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	-	103,685
Property management fees	-	-	-	-	-	-	-	-	-	-	-	-	8,100	-	8,100
Interest	-	-	-	-	-	-	-	-	-	-	-	-	11,906	-	11,906
Other costs	87,497	667	6,362	810	12,757	1,151	109,444	198,644	202	198,846	308,290	5,601	3,673	-	317,564
<b>Total expenses before depreciation, amortization and impairment</b>	<b>2,452,778</b>	<b>1,307,780</b>	<b>2,500,083</b>	<b>388,150</b>	<b>3,345,091</b>	<b>887,525</b>	<b>10,881,407</b>	<b>1,415,460</b>	<b>117,179</b>	<b>1,532,639</b>	<b>12,414,046</b>	<b>200,701</b>	<b>120,313</b>	<b>-</b>	<b>12,735,060</b>
Depreciation and amortization	2,345	1,250	2,390	371	3,198	849	10,403	1,353	112	1,465	11,869	62,909	35,764	-	110,542
Impairment Loss	-	-	-	-	-	-	-	-	-	-	-	-	213,260	-	213,260
<b>Total expenses</b>	<b>\$ 2,455,123</b>	<b>\$ 1,309,030</b>	<b>\$ 2,502,473</b>	<b>\$ 388,521</b>	<b>\$ 3,348,289</b>	<b>\$ 888,374</b>	<b>\$ 10,891,810</b>	<b>\$ 1,416,813</b>	<b>\$ 117,291</b>	<b>\$ 1,534,104</b>	<b>\$ 12,425,915</b>	<b>\$ 263,610</b>	<b>\$ 369,337</b>	<b>\$ -</b>	<b>13,058,862</b>
Eliminations															(96,395)
<b>Consolidated Total Expenses</b>															<b>\$ 12,962,467</b>

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

SUPPLEMENTARY INFORMATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2008

Northern Manhattan Improvement Corporation															
Year Ended June 30, 2008															
	Program Services						Support Services				Affiliate		Total		
	Workforce Development	Adult Literacy	Legal Services	Organizing	Weatherization	Social Services	Total Program Services	Management and General	Program Development	Total Support Services	Total Expenses	NMIC Lead Safe House HDFC		453 West 166th Street LP	NMIC West 166th Street Owner's Corporation
Salaries - Full time	\$ 861,786	\$ 397,196	\$ 1,817,205	\$ 251,254	\$ 547,024	\$ 671,714	\$ 4,546,179	\$ 581,083	\$ 77,000	\$ 658,083	\$ 5,204,262	\$ 14,624	\$ -	\$ -	\$ 5,218,886
Salaries - Part time	-	323,872	-	-	-	39,593	363,465	-	-	-	363,465	-	-	-	363,465
Payroll taxes and fringe benefits - Full time	234,545	107,479	495,409	67,839	148,834	184,233	1,238,339	187,257	20,790	208,047	1,446,386	4,819	-	-	1,451,205
Payroll taxes and fringe benefits - Part time	-	34,136	-	-	-	4,173	38,309	-	-	-	38,309	-	-	-	38,309
Professional fees and program consultants	33,870	161	45,204	335	38,868	10,355	128,793	159,487	-	159,487	288,280	13,166	11,807	-	313,253
Rent emergency	-	-	52,841	-	-	34,333	87,174	-	-	-	87,174	-	-	-	87,174
Repairs and maintenance	21,075	11,360	42,975	3,778	15,415	7,974	102,577	10,502	1,229	11,731	114,308	16,715	29,907	-	160,930
Rent	119,661	101,481	135,029	17,052	69,989	53,817	497,029	68,658	4,839	73,497	570,526	-	-	-	570,526
Utilities	15,370	6,302	23,868	2,670	10,556	5,232	63,998	3,705	73	3,778	67,776	35,489	38,232	-	141,497
Program expenses	106,850	9,067	426	-	97,330	453	214,126	810	-	810	214,936	-	-	-	214,936
Stipends	2,480	-	-	-	-	17,705	20,185	-	-	-	20,185	-	-	-	20,185
Day care provider payments	779,626	-	-	-	-	-	779,626	-	-	-	779,626	-	-	-	779,626
Office expenses	16,569	10,875	15,921	2,225	16,994	9,013	71,597	3,345	703	4,048	75,645	2,081	-	-	77,726
Postage	5,767	4,211	6,158	10,229	8,522	2,267	37,154	1,710	365	2,075	39,229	-	-	-	39,229
Telephone	12,516	7,399	32,420	1,398	15,683	5,863	75,279	11,428	883	12,311	87,590	-	-	-	87,590
Subcontract material and labor	-	-	-	-	1,153,461	-	1,153,461	-	-	-	1,153,461	-	-	-	1,153,461
Subcontract - Programs	219,548	-	-	-	-	47,000	266,548	-	-	-	266,548	-	-	-	266,548
Insurance	18,403	8,482	38,807	5,365	11,682	14,344	97,083	12,409	1,644	14,053	111,136	12,757	8,196	-	132,089
Meetings, conferences and training	146	-	-	200	13,210	340	13,896	4,532	-	4,532	18,428	-	-	-	18,428
Travel	13,753	80	2,843	801	9,326	4,257	31,060	3,124	48	3,172	34,232	-	-	-	34,232
Client Travel	29,268	300	4,468	180	-	1,391	35,607	40	-	40	35,647	-	-	-	35,647
Printing and publications	771	2,488	1,878	597	11,408	1,094	18,236	840	179	1,019	19,255	-	-	-	19,255
Equipment repair and leasing	12,839	24,902	28,007	2,958	9,162	9,931	87,799	5,220	862	6,082	93,881	-	-	-	93,881
Books and subscriptions	605	-	14,107	-	2,153	373	17,238	-	-	-	17,238	-	-	-	17,238
Contributed Services	1,762	8	2,352	17	2,022	539	6,700	8,300	-	8,300	15,000	-	-	-	15,000
Partnership management fees	-	-	-	-	-	-	-	-	-	-	-	-	9,899	-	9,899
Property management fees	-	-	-	-	-	-	-	-	-	-	-	-	8,100	-	8,100
Interest	-	-	-	-	-	-	-	-	-	-	-	-	11,906	-	11,906
Other costs	71,506	790	14,481	992	37,479	2,664	127,912	67,963	140	68,103	196,015	15,083	15,666	-	226,764
<b>Total expenses before depreciation and amortization</b>	<b>2,578,716</b>	<b>1,050,589</b>	<b>2,774,399</b>	<b>367,890</b>	<b>2,219,118</b>	<b>1,128,658</b>	<b>10,119,370</b>	<b>1,130,413</b>	<b>108,755</b>	<b>1,239,168</b>	<b>11,358,538</b>	<b>114,734</b>	<b>133,713</b>	<b>-</b>	<b>11,606,985</b>
<b>Depreciation and amortization</b>	<b>1,967</b>	<b>801</b>	<b>2,116</b>	<b>281</b>	<b>1,693</b>	<b>861</b>	<b>7,719</b>	<b>862</b>	<b>84</b>	<b>946</b>	<b>8,665</b>	<b>62,930</b>	<b>36,346</b>	<b>-</b>	<b>107,941</b>
<b>Total expenses</b>	<b>\$ 2,580,683</b>	<b>\$ 1,051,390</b>	<b>\$ 2,776,515</b>	<b>\$ 368,171</b>	<b>\$ 2,220,811</b>	<b>\$ 1,129,519</b>	<b>\$ 10,127,089</b>	<b>\$ 1,131,275</b>	<b>\$ 108,839</b>	<b>\$ 1,240,114</b>	<b>\$ 11,367,203</b>	<b>\$ 177,664</b>	<b>\$ 170,059</b>	<b>\$ -</b>	<b>11,714,926</b>
<b>Eliminations</b>															<b>(45,338)</b>
<b>Consolidated Total Expenses</b>															<b>\$ 11,669,588</b>

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:

***Nature of Organization and Principles of Consolidation*** - 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 will be leased to qualified tenants in order for the project to qualify as a low-income housing project under Section 42(g)(I)(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.

Under the guidance of SOP94-3 “Reporting of Related Entities by Not-for-Profit Organizations”, NMIC Lead Safe House HDFC is consolidated based on control and economic interest.

453 West 166<sup>th</sup> 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 166<sup>th</sup> Street Owner’s Corporation (Owner’s Corporation) owns a 1% general partnership interest in 453 West and combines the operations of 453 West under FASB Statement of Position 94-3 (“SOP 94-3”), which is further described below under Change in Accounting Principle. Owner’s Corporation is owned by NMIC.

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.

***Basis for Presentation*** - Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements for Not-for-Profit Organizations, establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. NMIC had accounting transactions in one of the net asset categories required by SFAS No. 117. The unrestricted net assets category represents net assets that are not subject to donor-imposed stipulations.

***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.

## NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

***Change in Accounting Principle*** - In June 2005, the FASB issued SOP 94-3 which amends and replaces requirements in AICPA Statement of Position 78-9, which provides guidance on accounting for investments in real estate ventures. SOP 94-3 establishes the presumption that the general partner in a limited partnership controls that limited partnership regardless of the extent of the general partner's ownership interest in the venture. The presumption of control by the general partner can be overcome if the limited partners have either (i) "kick-out rights" - the substantive ability to dissolve or liquidate the partnership or otherwise remove the general partner "without cause" or (ii) "substantive participating rights" - the ability to effectively participate in significant decisions made in the ordinary course of the limited partnership's business. If the presumption of control cannot be overcome then the general partner is required to consolidate the limited partnership. The effective date for SOP 94-3 is January 1, 2006, for all existing partnerships. For the year ended June 30, 2008, NMIC adopted SOP 94-3 and determined that the presumption of control for 453 West in which the Organization is the general partner had not been overcome and as a result NMIC is required to consolidate the financial statements of 453 West in which NMIC has a controlling general partner interest.

***Noncontrolling Interest*** - This amount represents the aggregate balance of the limited partner's equity interest in 453 West.

#### ***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.

Weatherization management fees, program income, developer fees, attorney 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, 2009 and 2008.

**Permanently Restricted:** Amounts received that are to be held in perpetuity are reported as permanently restricted support that increases that net asset class. NMIC had no permanently restricted net assets as of June 30, 2009 and 2008.

***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.

***Property and Equipment*** - Fixed assets acquired by NMIC are considered to be owned by NMIC. 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.

453 West reviews its investment in real estate for impairment and there was an impairment loss recognized in 2008. (See Note 14)

# NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

**Fair Values of Financial Instruments** - The carrying amounts of 453 West's financial instruments which include cash and cash equivalents, tenant receivables, accounts payable and accrued expenses, approximate fair value due to the short maturities of the respective instruments. The carrying value of the mortgage note payable at June 30, 2009 and 2008 does not approximate fair value based upon quoted market prices.

**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. SFAS 109, *Accounting for Income Taxes*, 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.

In June 2006, the FASB released FASB Interpretation (FIN 48), *Accounting for Uncertainty in Income Taxes*. FIN 48 interprets the guidance in FASB Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes*. When FIN 48 is implemented, reporting entities utilize different recognition thresholds and measurement requirements when compared to prior technical literature.

On December 30, 2008, the FASB Staff issued FASB Staff Position (FSP FIN 48-3), *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*. As deferred by the guidance in FSP FIN 48- the Coalition is not required to implement the provisions of FIN 48 until fiscal years beginning after December 15, 2008. As such, the Coalition has not implemented those provisions in the 2009 financial statements.

Since the provisions of FIN 48 have not been implemented in accounting for uncertain tax positions, the Coalition continues to utilize its prior policy of accounting for these positions, following the guidance in SFAS No. 5, *Accounting for Contingencies*. Using that guidance, as of December 31, 2008, the Coalition has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

**NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

*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.

*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). NMIC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

*Events Occurring After Reporting Date* - NMIC has evaluated events and transactions that occurred between July 1, 2009 and October 8, 2009, which is the date the financial statements were available to be issued for possible disclosure and recognition in the financial statements and no disclosures have come to the attention of NMIC.

**Note 2 - Summary of Grant/Contract Funding:**

The following summarizes NMIC's grant/contract support for the year ended June 30, 2009:

<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	\$ 78,896
- Homelessness Prevention Program	01/16/08-01/15/13	824,995	153,355
			<u>232,251</u>
New York State Division of Housing and Community Renewal			
- Neighborhood Preservation Program	07/01/08-06/30/09	85,600	85,600
- Weatherization Assistance Program	04/01/09-03/31/10	4,757,028	617,727
- Weatherization Assistance Program	04/01/08-03/31/09	3,138,552	2,776,771
- Restore		36,250	2,201
			<u>3,482,299</u>
The State Education Department /The University of the State of New York			
- Adult Education	07/01/08-06/30/09	518,315	518,315
- Adult Education	07/01/08-06/30/09	198,382	198,382
- Adult Education/Civics	07/01/08-06/30/09	350,082	350,082
			<u>1,066,779</u>
New York State Department of Health			
- Lead Safe House Program	07/01/08-06/30/09	90,728	90,728
- Child and Adult Care Food Program	10/01/08-09/30/09		273,550
	10/01/07-09/30/08		97,745
			<u>462,023</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>Grant/ Contract Period</u>	<u>Total Grant/ Contract</u>	<u>Recognized Support</u>
New York State Office of Court Administration	01/01/08-12/31/09	50,000	\$ 50,000
New York State Division of Criminal Justice Services	04/01/08-09/15/09	101,446	101,446
New York State Unified Court System	10/01/07-09/30/08	45,000	11,627
	10/01/07-09/30/08	75,000	18,750
New York State Office of Children and Family Services	04/01/08-03/31/09	10,000	10,000
City of New York - Department of Homeless Services - Family Anti-Eviction			
- Legal Services	07/01/08-06/30/09	Fee for Service	738,431
- Home Base Affiliate Services	07/01/08-06/30/09		<u>104,480</u>
			<u>842,911</u>
City of New York - Administration for Children's Services			
- Day Care	07/01/08-06/30/09	719,698	<u>680,757</u>
City of New York - Department of Housing, Preservation & Development			
- Anti-Illegal Eviction and SRO Legal Services	07/01/08-06/30/09	125,409	125,409
- Family Self Sufficiency		293,210	113,025
- Community Based Marketing Services	10/05/07-10/04/08	36,960	6,720
- Neighborhood Preservation Consultant	01/01/09-12/31/11	480,000	60,325
- Neighborhood Preservation Consultant	07/01/04-12/31/08	231,900	28,356
- Housing Preservation Initiative	07/01/08-06/30/09	60,000	<u>60,000</u>
			<u>393,835</u>
City of New York - Department of Youth and Community Development			
- Family Literacy Initiative	08/01/06-08/31/09	434,737	171,410
- Immigrant Opportunity Initiative	07/01/08-06/30/09	25,000	25,000
- Neighborhood Development Area	07/01/08-06/30/09	72,075	72,075
- Health Stat	07/01/08-06/30/09	54,000	54,000
- Legal Assistance Program	07/01/08-06/30/09	99,975	99,975
- Family Literacy Alliance	2008-2009	15,000	15,000
- Adult Literacy	07/01/08-06/30/09	74,098	74,098
- Adult Literacy Disconnected Youth Program	01/01/08-06/30/10	193,634	115,000
- Adult Literacy Disconnected Youth Program	07/01/08-06/30/09	30,815	<u>30,815</u>
			<u>657,373</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>Grant/Contract Period</u>	<u>Total Grant/ Contract</u>	<u>Recognized Support</u>
MFY Legal Services	07/01/08-06/30/09	\$ 114,800	\$ 114,800
MFY Assigned Counsel Programs	07/01/08-06/30/09	100,130	88,825
City of New York - Criminal Justice Coordinator's Office	07/01/08-06/30/09	262,500	262,500
United Way of New York City - Emergency Food and Shelter Program	10/01/08-09/30/09	75,548	43,510
U.S. Department of Health and Human Services - Job Opportunities for Low Income Individuals	09/30/05-09/29/09	499,727	199,173
U.S. Department of Justice - Violence Against Women	07/01/05-10/31/09	900,000	225,000
- Transitional Housing for Victims of Domestic Violence	09/01/05-08/31/08	174,683	<u>9,606</u>
			<u>234,606</u>
Non-Profit Assistance Corporation - SEEDCO			
- Earned Benefit	07/01/08-06/30/09	45,223	45,223
- NYC Works Rewards (FSS)	05/01/08-04/30/10	147,460	86,533
	07/01/08-09/30/08		78,229
- One Stop	04/01/08-03/31/09	88,750	46,004
- Special Populations			3,762
- HUD	10/01/07-09/30/08	63,000	51,761
- Facilitated Enrollment	01/01/09-12/31/09	90,000	45,000
- Health Career Initiative	01/01/09-09/30/10	81,250	21,373
- Fatherhood Initiative	07/01/08-09/30/09	88,250	55,380
- Career Pathway Program	02/01/09-01/31/10	65,200	34,753
- Construction Opportunity			3,561
- Back to Work	07/01/08-06/30/09	446,922	<u>377,455</u>
			<u>849,034</u>
<b><u>Other Funds:</u></b>			
Interest on Lawyer Account Fund of the State of New York			
- Legal Services	01/01/08-12/31/08	900,000	450,000
	01/01/09-03/31/10	1,125,000	450,000
St. James Church	12/07-12/09	50,000	25,000
JP Morgan Chase - Manhattan	10/01/08-10/01/09	15,000	15,000
The M&T Charitable Foundation		5,000	5,000
Food Change		12,500	12,500
Bank of Tokyo - Mitsubishi UFJ	01/01/09-12/31/09	5,000	5,000
Washington Mutual		5,000	5,000

**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>
The Consortium for Worker Education	10/01/07-11/30/08	\$ 353,333	\$ 82,994
	12/01/08-06/30/09	116,667	116,297
Alliance for Healthy Homes	01/01/08-03/31/09	40,000	24,000
The Merck Childhood Asthma Network, Inc.	12/01/05-11/30/09	94,695	24,868
David Berg Foundation		35,000	35,000
Citigroup Foundation			10,000
van Ameringen Foundation	06/08-06/09	50,000	50,000
Capital One		10,000	10,000
Metlife	04/16/08-04/16/09	35,000	35,000
The Sirius Fund		51,566	51,566
William J and Dorothy K. O'Neil Foundation	07/28/08-07/29/09	25,000	25,000
The Glickenhau Foundation		1,000	1,000
The Junior League of the City		2,100	2,100
Sterling Bank		1,500	1,500
Hyde and Watson Foundation		10,000	10,000
Ridgewood Savings Bank		1,500	1,500
Ira W. DeCamp Foundation	10/28/08-10/28/09	62,000	62,000
Westat, Inc.			238
Robin Hood Foundation			
- Special Populations	07/09/07-12/09/08	360,000	120,000
	02/13/09-01/12/10	120,000	60,000
Single Stop, USA, Inc.	07/01/08-06/30/09	300,000	300,000
Community Service Society of New York	07/01/08-06/30/09	73,202	73,202
Commission on the Public Health			10,000
NYS Bar Association	01/31/09-01/31/10	5,000	5,000
United Neighborhood Houses			30,000
Mayor's Fund			4,500
New York Community Trust	07/01/08-06/30/09	10,000	10,000
CAMBA			
- Legal Services		15,000	15,000
DoVE Safe Horizon, Inc	07/01/08-06/30/09	68,750	68,750
	07/01/08-06/30/09	37,500	37,500
Total All Funds			<u>\$ 12,047,014</u>

**NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

As displayed on pages 11 to 15, approximately 70% 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.

**Note 3 - Grants and Contracts Receivable:**

Grants and contracts receivable is comprised of the following:

	June 30,	
	2009	2008
City of New York - Administration for Children's Services	\$ 164,924	\$ 26,520
City of New York - Department of Homeless Services	348,416	208,726
New York State Department of Health	122,427	132,123
New York State Office of Temporary and Disability Assistance	64,271	162,033
The State Education Department	266,695	78,986
City of New York - Criminal Justice Coordinator's Office	2,600	187,820
City of New York - Department of Youth and Community Development	76,167	192,468
City of New York - Department of Housing, Preservation & Development	223,064	144,157
Interest on Lawyer Account Fund of the State of New York	-	90,000
Non-Profit Assistance Corporation - SEEDCO	229,203	241,628
U.S. Department of Justice	56,250	-
CAMBA	-	80,000
Columbia University	-	84,029
Community Service Society of New York	18,300	18,301
DoVE Safe Horizon, Inc	106,250	100,000
United Way of New York City	5,485	114,292
U.S. Department of Health and Human Services	-	33,657
New York State Division of Housing and Community Renewal	181	369,749
Robin Hood Foundation	220,000	120,000
New York State Office of Children and Family Services	-	35,000
The Consortium for Worker Education	116,295	106,976
MFY Legal Services	35,530	38,760
New York State Unified Court System	-	56,250
Others	91,852	186,428
	\$ 2,147,910	\$ 2,807,903

**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,	
	2009	2008
Insurance - Northern Manhattan	\$ 10,402	\$ 46,463
Insurance - NMIC Lead Safe House	6,488	6,488
Other	64,735	95,336
	\$ 81,625	\$ 148,287

**Note 6 - Property and Equipment:**

Property and equipment is comprised of the following:

	June 30,	
	2009	2008
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	1,000,589
Equipment - 453 West 166th Street LP	12,411	12,411
Furniture and equipment	65,976	65,976
Vehicles	73,380	73,380
Leasehold improvements	74,940	74,940
	2,203,896	2,958,546
Less: Accumulated depreciation and amortization	740,212	1,172,563
	<b>\$ 1,463,684</b>	<b>\$ 1,785,983</b>

Depreciation expenses totaled \$110,542 and \$107,941 for the years ended June 30, 2009 and 2008, 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 \$227,042 and \$179,421 as of June 30, 2009 and 2008, 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,	
	2009	2008
New York State - Division of Housing and Community Renewal - Weatherization	\$ 841,135	\$ 426,716
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	-
U.S. Department of Health and Human Services	24,073	-
New York State Housing Trust Fund Corporation	-	44,200
The David Berg Foundation	-	15,000
St. James Church	-	12,500
Met Life Foundation	-	35,000
van Ameringen Foundation	-	50,000
New York State Unified Court System	-	11,627
City of New York - Department of Homeless Services	-	38,908
Others	36,696	58,709
	<u>\$ 1,204,666</u>	<u>\$ 692,660</u>

**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, 2010	\$	945,000
Year Ending June 30, 2011		945,000
Six months Ending December 31, 2011		<u>472,500</u>
	\$	<u>2,362,500</u>

Rent expense for the years ended June 30, 2009 and 2008 totaled \$1,104,786 and \$570,526.

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:**

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 25<sup>th</sup> 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 along with all the accrued interest will be considered paid in five equal annual installments, as follows:

Anniversary	% Deemed paid
26th	20%
27th	20%
28th	20%
29th	20%
30th	<u>20%</u>
	<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 or accrued interest. However, if there is a breach of any regulations or covenants, the City of New York can call the loan and repayment will commence.

## NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2009 and 2008.

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

#### **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, 2009 and 2008.

#### **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.

#### **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 \$305,290 and \$390,631 for the years ended June 30, 2009 and 2008, respectively, which represents NMIC’s contributions to this plan.

#### **Note 14 - Asset Impairments:**

Statement of Accounting Standards No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” (“SFAS 144”) 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 provided through the New York City Department of Finance Property Value Reports, which estimates market values in one of three ways - based on recent comparable sales; the income that 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.

**NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 15 - Line-of-Credit:**

NMIC has \$350,000 a line-of-credit with a bank which bears interest at one half percent above the bank's prime rate (3.25% at June 30, 2009). The line of credit expires in November 2009. NMIC did not draw down any funds during the year ended June 30, 2009.

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
<b>CURRENT ASSETS:</b>						
Cash and equivalents	\$ 2,034,070	\$ -	\$ 1,868,534	\$ 109,645	\$ 55,891	\$ -
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>4,444,252</u>	<u>(73,592)</u>	<u>4,269,388</u>	<u>121,645</u>	<u>71,415</u>	<u>55,396</u>
<b>RESTRICTED DEPOSITS AND FUNDED RESERVES:</b>						
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	79,140	-	70,453	-	8,687	-
	<u>\$ 6,084,414</u>	<u>\$ (73,592)</u>	<u>\$ 4,343,045</u>	<u>\$ 1,323,125</u>	<u>\$ 436,440</u>	<u>\$ 55,396</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES:</b>						
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	10,763	-	-	-	10,763	-
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	10,780	-	-	-	-	10,780
Total Current Liabilities	<u>2,167,688</u>	<u>(73,592)</u>	<u>2,115,545</u>	<u>24,832</u>	<u>85,883</u>	<u>15,020</u>
MORTGAGE PAYABLE	2,771,044	-	-	1,730,600	1,040,444	-
<b>COMMITMENT AND CONTINGENCY</b>						
<b>NET ASSETS:</b>						
Retained Earnings	40,376	-	-	-	-	40,376
Unrestricted net assets - controlling interest:						
Operations, designated by Board	900,000	-	900,000	-	-	-
Operations, undesignated	884,413	-	1,327,500	(432,307)	(10,780)	-
Total Unrestricted Net Assets - controlling interest	1,824,789	-	2,227,500	(432,307)	(10,780)	40,376
Unrestricted net assets - noncontrolling interest:	(679,107)	-	-	-	(679,107)	-
Total Net Assets	<u>1,145,682</u>	<u>-</u>	<u>2,227,500</u>	<u>(432,307)</u>	<u>(689,887)</u>	<u>40,376</u>
	<u>\$ 6,084,414</u>	<u>\$ (73,592)</u>	<u>\$ 4,343,045</u>	<u>\$ 1,323,125</u>	<u>\$ 436,440</u>	<u>\$ 55,396</u>

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2008

ASSETS	Consolidated	Eliminations	Northern Manhattan Improvement Corporation	NMIC Lead Safe House HDFC	453 West 166th Street LP	NMIC West 166th Street Owner's Corporation
<b>CURRENT ASSETS:</b>						
Cash and equivalents	\$ 641,438	\$ -	\$ 452,065	\$ 179,467	\$ 9,906	\$ -
Cash - client escrow	33,843	-	33,843	-	-	-
Grants and contracts receivable	2,807,903	-	2,807,903	-	-	-
Due from 453 West 166th Street, L.P.	-	(57,226)	12,224	-	-	45,002
Due from NMIC Lead Safe House HDFC	-	(17,445)	17,445	-	-	-
Due from NMIC West 166th Street Owner's Corporation	-	(4,240)	4,240	-	-	-
Due from Northern Manhattan Improvement Corporation	-	(1,732)	-	-	1,732	-
Prepaid expenses	148,287	-	141,799	-	6,488	-
Other receivables	110,218	-	98,617	10,791	810	-
Total Current Assets	<u>3,741,689</u>	<u>(80,643)</u>	<u>3,568,136</u>	<u>190,258</u>	<u>18,936</u>	<u>45,002</u>
<b>RESTRICTED DEPOSITS AND FUNDED RESERVES:</b>						
Tenant Security Deposits	5,194	-	-	-	5,194	-
Reserves and Mortgage Escrows	171,771	-	-	-	171,771	-
Total Restricted Deposits and Funded Reserves	<u>176,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,965</u>	<u>-</u>
 PROPERTY AND EQUIPMENT, NET	 1,785,983	 -	 15,073	 1,264,367	 506,543	 -
 SECURITY DEPOSITS AND OTHER ASSETS	 65,168	 -	 55,000	 -	 10,168	 -
	<u>\$ 5,769,805</u>	<u>\$ (80,643)</u>	<u>\$ 3,638,209</u>	<u>\$ 1,454,625</u>	<u>\$ 712,612</u>	<u>\$ 45,002</u>
 <b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES:</b>						
Accounts payable and accrued expenses	\$ 989,068	\$ (13,956)	\$ 911,873	\$ 44,939	\$ 46,212	\$ -
Client escrow payable	33,843	-	33,843	-	-	-
Accrued vacation payable	179,421	-	179,421	-	-	-
Refundable advances	692,660	-	692,660	-	-	-
Other Liabilities	11,219	-	-	-	11,219	-
Due to NMIC West 166th St. Owner's Corporation	-	(45,002)	-	-	45,002	-
Due to Northern Manhattan Improvement Corporation	-	(21,685)	-	17,445	-	4,240
Investment in Limited Partnership	8,184	-	-	-	-	8,184
Total Current Liabilities	<u>1,914,395</u>	<u>(80,643)</u>	<u>1,817,797</u>	<u>62,384</u>	<u>102,433</u>	<u>12,424</u>
 MORTGAGE PAYABLE	 2,771,044	 -	 -	 1,730,600	 1,040,444	 -
 COMMITMENT AND CONTINGENCY						
<b>NET ASSETS:</b>						
Retained Earnings	32,578	-	-	-	-	32,578
Unrestricted net assets - controlling interest						
Operations, designated by Board	900,000	-	900,000	-	-	-
Operations, undesignated	573,869	-	920,412	(338,359)	(8,184)	-
Total Unrestricted Net Assets - controlling interest	1,506,447	-	1,820,412	(338,359)	(8,184)	32,578
Unrestricted net assets - noncontrolling interest	(422,081)	-	-	-	(422,081)	-
Total Net Assets	<u>1,084,366</u>	<u>-</u>	<u>1,820,412</u>	<u>(338,359)</u>	<u>(430,265)</u>	<u>32,578</u>
	<u>\$ 5,769,805</u>	<u>\$ (80,643)</u>	<u>\$ 3,638,209</u>	<u>\$ 1,454,625</u>	<u>\$ 712,612</u>	<u>\$ 45,002</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
<b>SUPPORT AND REVENUES:</b>						
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:						
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)	63,643	-	4,181	30,727	31,331	(2,596)
	<u>906,449</u>	<u>(96,394)</u>	<u>715,668</u>	<u>169,662</u>	<u>109,715</u>	<u>7,798</u>
Total Support and Revenues	<u>13,023,783</u>	<u>(96,394)</u>	<u>12,833,002</u>	<u>169,662</u>	<u>109,715</u>	<u>7,798</u>
<b>EXPENSES:</b>						
Program services	10,885,810	(6,000)	10,891,810	-	-	-
Support services	1,534,104	-	1,534,104	-	-	-
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	-	-	-	-	-	-
Total Expenses	<u>12,962,467</u>	<u>(96,394)</u>	<u>12,425,914</u>	<u>263,610</u>	<u>369,337</u>	<u>-</u>
CHANGE IN NET ASSETS	61,316	-	407,088	(93,948)	(259,622)	7,798
LOSSES ALLOCATED TO NONCONTROLLING 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	318,342	-	407,088	(93,948)	(2,596)	7,798
NET ASSETS, BEGINNING OF YEAR - CONTROLLING INTEREST	<u>1,506,447</u>	<u>-</u>	<u>1,820,412</u>	<u>(338,359)</u>	<u>(8,184)</u>	<u>32,578</u>
NET ASSETS, END OF YEAR	<u>\$ 1,824,789</u>	<u>\$ -</u>	<u>\$ 2,227,500</u>	<u>\$ (432,307)</u>	<u>\$ (10,780)</u>	<u>\$ 40,376</u>

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

	Consolidated	Eliminations	Northern Manhattan Improvement Corporation	NMIC Lead Safe House HDFC	453 West 166th Street LP	NMIC West 166th Street Owner's Corporation
<b>SUPPORT AND REVENUES:</b>						
Support:						
Grants and contracts	\$ 11,195,498	\$ -	\$ 11,195,498	\$ -	\$ -	\$ -
Contributed Services	15,000	-	15,000	-	-	-
Contributions	16,527	-	16,527	-	-	-
	<u>11,227,025</u>	<u>-</u>	<u>11,227,025</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues (Losses):						
Weatherization management fees	17,155	-	17,155	-	-	-
Program income	206,696	-	206,696	-	-	-
Partnership management fees	-	(9,899)	-	-	-	9,899
Attorney fees	2,315	-	2,315	-	-	-
Rental income	287,533	(35,439)	-	246,495	76,477	-
Developer fees	20,000	-	20,000	-	-	-
Interest income	11,413	-	4,070	-	7,343	-
Unrealized gain on investments	4,835	-	-	-	4,835	-
Realized loss on investments	(390)	-	-	-	(390)	-
Other income (losses)	10,242	-	-	-	10,950	(708)
	<u>559,799</u>	<u>(45,338)</u>	<u>250,236</u>	<u>246,495</u>	<u>99,215</u>	<u>9,191</u>
Total Support and Revenues	<u>11,786,824</u>	<u>(45,338)</u>	<u>11,477,261</u>	<u>246,495</u>	<u>99,215</u>	<u>9,191</u>
<b>OPERATING EXPENSES:</b>						
Program services	10,091,650	(35,439)	10,127,089	-	-	-
Support services	1,240,114	-	1,240,114	-	-	-
NMIC Lead Safe House HDFC	177,664	-	-	177,664	-	-
453 West 166th Street LP	160,160	(9,899)	-	-	170,059	-
NMIC West 166th Street Owner's Corporation	-	-	-	-	-	-
Total Operating Expenses	<u>11,669,588</u>	<u>(45,338)</u>	<u>11,367,203</u>	<u>177,664</u>	<u>170,059</u>	<u>-</u>
CHANGE IN NET ASSETS	117,236	-	110,058	68,831	(70,844)	9,191
LOSSES ALLOCATED TO NONCONTROLLING INTEREST	<u>70,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,136</u>	<u>-</u>
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	187,372	-	110,058	68,831	(708)	9,191
NET ASSETS, BEGINNING OF YEAR - CONTROLLING INTEREST	<u>1,319,075</u>	<u>-</u>	<u>1,710,354</u>	<u>(407,190)</u>	<u>(7,476)</u>	<u>23,387</u>
NET ASSETS, END OF YEAR - CONTROLLING INTEREST	<u>\$ 1,506,447</u>	<u>\$ -</u>	<u>\$ 1,820,412</u>	<u>\$ (338,359)</u>	<u>\$ (8,184)</u>	<u>\$ 32,578</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, 2009**

	<u>Grant C090041/2009 Contract Period 4/1/2008 3/31/2009</u>	<u>Grant C090041/2010 Contract Period 4/1/2009 3/31/2010</u>
<u>Completed Units Information</u>		
Total number of units contracted for	639	674
Total number of units completed per client files as of June 30, 2009	575	24
Total number of units certified as acceptable and complete by the New York State, Department of State, as of June 30, 2009	575	-

*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 C090041/2009  
SCHEDULE OF ASSETS AND LIABILITIES**

**YEAR ENDED JUNE 30, 2009**

**ASSETS**

**CURRENT ASSETS:**

Cash	\$ -
Grant Receivable - NYS DHCR	-
Due from other funds	<u>-</u>
	<u>\$ -</u>

**LIABILITIES**

**CURRENT LIABILITES -**

Accounts payable	<u>\$ -</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 C090041/2009**

**SCHEDULE OF ACCOUNTS PAYABLE  
JUNE 30, 2009**

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 C090041/2009

SCHEDULE OF REVENUES AND EXPENDITURES

PROJECT PERIOD APRIL 1, 2008 TO MARCH 31, 2009

	(Unaudited) Budgeted Amount	Incurred Ended 6/30/2008	Audit Ended 6/30/2009	Total 4/1/2008 6/30/2009	Over (Under) Budget
REVENUES - GRANT INCOME	\$ 3,138,552	\$ 361,781	\$ 2,776,771	\$ 3,138,552	\$ -
EXPENDITURES - MATERIAL COSTS:					
Agency	50,000	6,034	14,980	21,014	(28,986)
Subcontracted	1,007,000	27,963	1,375,879	1,403,842	396,842
	<u>1,057,000</u>	<u>33,997</u>	<u>1,390,859</u>	<u>1,424,856</u>	<u>367,856</u>
LABOR COSTS:					
Salaries	549,023	129,490	388,577	518,067	(30,956)
Fringe Benefits	148,237	34,962	149,317	184,279	36,042
Subcontracted	800,254	22,638	406,038	428,676	(371,578)
	<u>1,497,514</u>	<u>187,090</u>	<u>943,932</u>	<u>1,131,022</u>	<u>(366,492)</u>
PROGRAM SUPPORT:					
Building maintenance	14,000	4,594	11,174	15,768	1,768
Office supplies	20,000	2,486	22,348	24,834	4,834
Office space	107,045	20,517	87,108	107,625	580
Insurance/bonding	500	508	(508)	-	(500)
Warehouse	6,000	1,500	4,500	6,000	-
Weatherization tools/supplies	5,000	271	3,552	3,823	(1,177)
Utilities/fuel	13,000	2,999	10,001	13,000	-
Vehicle insurance	11,000	9,727	-	9,727	(1,273)
Office furniture/equipment	2,000	-	-	-	(2,000)
Vehicle maintenance	7,000	1,764	5,167	6,931	(69)
Travel	8,000	1,560	3,948	5,508	(2,492)
Weatherization equipment	2,000	-	-	-	(2,000)
Staff development	3,000	4,610	394	5,004	2,004
Health and safety	1,054	213	482	695	(359)
Telecommunications	16,000	3,980	12,020	16,000	-
Postage and shipping	10,000	2,500	6,990	9,490	(510)
Advertising/marketing	6,000	2,622	4,236	6,858	858
Printing and copying	16,500	3,703	13,022	16,725	225
Dues/fees	3,000	-	500	500	(2,500)
Energy audit	50,000	7,500	42,500	50,000	-
Other allowance	20,730	7,217	14,760	21,977	1,247
	<u>321,829</u>	<u>78,271</u>	<u>242,194</u>	<u>320,465</u>	<u>(1,364)</u>
LIABILITY INSURANCE	68,000	25,354	42,646	68,000	-
FINANCIAL AUDIT	24,420	6,105	18,315	24,420	-
TRAINING AND TECHNICAL ASSISTANCE	16,000	-	16,000	16,000	-
ADMINISTRATIVE COSTS:					
Salaries and Fringe	126,741	30,964	95,775	126,739	(2)
Other allowance	27,048	-	27,050	27,050	2
	<u>153,789</u>	<u>30,964</u>	<u>122,825</u>	<u>153,789</u>	<u>-</u>
CAPITAL EQUIPMENT	-	-	-	-	-
TOTAL EXPENDITURES	<u>3,138,552</u>	<u>361,781</u>	<u>2,776,771</u>	<u>3,138,552</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 C090041/2009**

**SCHEDULE OF QUESTIONED COSTS  
PROJECT PERIOD APRIL 1, 2008 TO MARCH 31, 2009**

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 C090041/2009

SCHEDULE OF REVENUES AND EXPENDITURES

PROJECT PERIOD APRIL 1, 2009 TO JUNE 30, 2009

	(Unaudited) Budgeted Amount	Total 4/1/2009 6/30/2009	Over (Under) Budget
REVENUES - GRANT INCOME	\$ 4,757,028	\$ 617,727	\$ (4,139,301)
EXPENDITURES MATERIAL COSTS:			
Agency	175,000	9,365	(165,635)
Subcontracted	<u>1,752,046</u>	<u>103,313</u>	<u>(1,648,733)</u>
	1,927,046	112,678	(1,814,368)
LABOR COSTS:			
Agency Labor	806,237	183,128	(623,109)
Subcontracted	<u>1,197,320</u>	<u>58,094</u>	<u>(1,139,226)</u>
	2,003,557	241,222	(1,762,335)
PROGRAM SUPPORT:			
Building maintenance	17,500	1,705	(15,795)
Office supplies	25,000	3,158	(21,842)
Office space	133,750	26,748	(107,002)
Insurance/bonding	625	-	(625)
Warehouse	7,500	1,638	(5,862)
Weatherization tools/supplies	10,000	3,709	(6,291)
Utilities/fuel	17,500	3,896	(13,604)
Vehicle Insurance	15,000	1,013	(13,987)
Office furniture/equipment	2,500	-	(2,500)
Vehicle maintenance	8,750	28,926	20,176
Travel	13,111	3,622	(9,489)
Weatherization equipment	6,250	-	(6,250)
Staff development	6,250	120	(6,130)
Health and safety	1,875	341	(1,534)
Telecommunications	22,500	4,418	(18,082)
Postage and shipping	12,500	2,549	(9,951)
Advertising/ marketing	10,000	109	(9,891)
Printing and copying	22,500	3,407	(19,093)
Dues/fees	3,750	2,640	(1,110)
Energy audit	80,000	80,000	-
Other allowance	<u>34,250</u>	<u>21,104</u>	<u>(13,146)</u>
	451,111	189,103	(262,008)
LIABILITY INSURANCE	<u>68,000</u>	<u>18,675</u>	<u>(49,325)</u>
FINANCIAL AUDIT	<u>25,000</u>	<u>5,000</u>	<u>(20,000)</u>
TRAINING AND TECHNICAL ASSISTANCE	<u>30,000</u>	<u>8,326</u>	<u>(21,674)</u>
ADMINISTRATIVE COSTS:			
Salaries and fringe	173,134	33,294	(139,840)
Other allowance	<u>57,582</u>	<u>9,429</u>	<u>(48,153)</u>
	230,716	42,723	(187,993)
CAPITAL EQUIPMENT	<u>21,598</u>	<u>-</u>	<u>(21,598)</u>
TOTAL EXPENDITURES	<u>4,757,028</u>	<u>617,727</u>	<u>(4,139,301)</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 09-935EX

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET VS. ACTUAL

YEAR ENDED JUNE 30, 2009

	(Unaudited) Budgeted Amount	Total 7/1/2008 6/30/2009	Over (Under) Budget
REVENUES:			
ACS	\$ 719,698	\$ 680,757	\$ (38,941)
Parent Fees	-	-	-
	<u>719,698</u>	<u>680,757</u>	<u>(38,941)</u>
EXPENDITURES:			
Personnel costs:			
ACS regular salaries	59,641	57,102	(2,539)
Employer's FICA	4,563	4,283	(280)
Unemployment insurance	842	1,168	326
Personnel insurance	-	-	-
Welfare plans	2,268	9,967	7,699
FCC Initiative Code 37	442,000	-	(442,000)
	<u>509,314</u>	<u>72,520</u>	<u>(436,794)</u>
PROVIDER PARENTS STIPENDS	<u>199,953</u>	<u>603,012</u>	<u>403,059</u>
OTHER NON-ITEMIZED OTPS COSTS:			
Classroom supply and equipment:	4,070	875	(3,195)
Other OTPS	6,361	4,350	(2,011)
	<u>10,431</u>	<u>5,225</u>	<u>(5,206)</u>
TOTAL EXPENDITURES	<u>719,698</u>	<u>680,757</u>	<u>(38,941)</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 09-935EX**

**DETAILED EXPLANATION OF QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009**

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 09-935 EX**

**SCHEDULE OF CONSULTANTS  
YEAR ENDED JUNE 30, 2009**

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 09-935 EX**

**SCHEDULE OF FIXED ASSETS INVENTORY  
YEAR ENDED JUNE 30, 2009**

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 09-935 EX**

**SCHEDULE OF QUANTITATIVE PROGRAM RESULTS**

**YEAR ENDED JUNE 30, 2009**

**1. Average Daily Attendance**

A. The average daily attendance for the twelve months under audit (July - June) is 309 children a day.

B. This program is contracted to serve 51 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, 2009

Where Held: Northern Manhattan Improvements Corporation

Date Held: October 1, 2009

In Attendance For:

Northern Manhattan Improvements Corporation

Carol L. Rado - Treasurer of Board  
Babara Lowry - Executive Director  
Rosaura Morales - CFO

Wiss & Company, LLP

- Theresa M. Dominianni, CPA, Partner  
- Stephanie Mendoza, Staff Accountant

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, 2009, and have issued our report thereon dated October 8, 2009. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, 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 8, 2009



**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO 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 are applicable to each of its major federal programs for the year ended June 30, 2009. Northern Manhattan Improvement Corporation and affiliates' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to 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 requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 8, 2009

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
- Job Opportunities for Low-Income Individuals	93.593	N/A	\$ 199,173
Passed through the City of New York, Department of Homeless Services			
- Family Anti-Eviction	93.558	N/A	364,894
- DHS Home Based Affiliated	93.558	N/A	52,240
Passed through the City of New York, New York City Department of Youth and Community Development			
- Legal Assistance Program	93.569	N/A	99,975
- Neighborhood Development Area	93.569	N/A	72,075
- Health Stat	93.569	N/A	54,000
Passed through the New York State Division of Housing and Community Renewal			
- Weatherization Assistance Program	93.568	C090041/2008 C090041/2009	2,084,305
Passed through the New York State Office of Temporary and Disability Assistance			
- Homelessness Prevention	93.558	N/A	48,307
Passed through the Non-Profit Assistance Corporation - SEEDCO			
- One Stop	17.258/17.260	N/A	46,004
- HUD	14.169	N/A	51,761
- Back to Work	93.558	N/A	377,455
Passed through the New York State Office of Court Administration			
- Domestic Violence	16.588	N/A	40,000
Passed through the Alliance for Healthy Homes			
- HUD Lead Technical Studies	14.902	N/A	24,000
Passed through City of New York - Administration for Children's Services			
- Daycare	93.575	N/A	340,378
U.S. Department of Education			
Passed through the State Education Department/The University of the State of NY			
- ESOL / Civics	84.002	N/A	350,082
- Adult Education State Grant Program	84.002	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	C090041/2008 C090041/2009	1,310,192
Federal Emergency Management Agency			
Passed through the United Way of New York City			
- Emergency Food and Shelter National Board	97.024	N/A	43,510
U.S. Department of Justice			
- Violence Against Women	16.524	N/A	225,000
- Transitional Housing for Victims of Domestic Violence	16.736	N/A	9,606
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>371,295</u>
Total Expenditures of Federal Awards			<u>\$ 6,682,567</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 (Corporation). 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, 2009**

**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>
Temporary Assistance to Needy Families	93.558	\$ 842,896
Child and Adult Food Care Program	10.558	371,295
Adult Education	84.002	868,397
Daycare	93.575	340,378

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, 2009**

**Section II. Financial Statements Findings**

NONE

**NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2009**

**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, 2009**

**Status of Prior Year Findings**

There were no prior year findings.