

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

**COMBINED FINANCIAL REPORT
JUNE 30, 2008**

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying combined statements of financial position of Northern Manhattan Improvement Corporation and affiliate as of June 30, 2008 and 2007, and the related combined 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 affiliate's 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 combined financial position of Northern Manhattan Improvement Corporation and affiliate as of June 30, 2008 and 2007, and the changes in its combined net assets and its combined 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 7, 2008 on our consideration of Northern Manhattan Improvement Corporation's and affiliate's 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 38 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 combined basic financial statements. In addition, the accompanying schedules on pages 22 to 32 are also presented for the purpose of additional information. Such information has been subjected to the auditing procedures applied in the audit of the combined basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the combined basic financial statements taken as a whole.

Wiss & Company

WISS & COMPANY, LLP

Livingston, New Jersey

October 7, 2008

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

COMBINED STATEMENTS OF FINANCIAL POSITION

	June 30,	
ASSETS	<u>2008</u>	<u>2007</u>
CURRENT ASSETS:		
Cash and equivalents	\$ 631,532	\$ 909,222
Cash - client escrow	33,843	108,843
Grants and contracts receivable	2,807,903	1,999,560
Due from 453 West 166th Street, L.P.	12,224	12,224
Due from NMIC West 166 Street Owner's Corporation	4,240	4,240
Prepaid expenses	141,799	163,440
Other receivables	<u>109,408</u>	<u>61,756</u>
Total Current Assets	3,740,949	3,259,285
PROPERTY AND EQUIPMENT, NET	1,279,440	1,351,035
SECURITY DEPOSITS	<u>55,000</u>	<u>55,000</u>
	<u>\$ 5,075,389</u>	<u>\$ 4,665,320</u>
 LIABILITIES AND NET ASSETS		
 CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 956,812	\$ 957,694
Client escrow payable	33,843	108,843
Accrued vacation payable	179,421	166,580
Refundable advances	<u>692,660</u>	<u>398,439</u>
Total Current Liabilities	1,862,736	1,631,556
MORTGAGE PAYABLE	<u>1,730,600</u>	<u>1,730,600</u>
COMMITMENT AND CONTINGENCY		
 NET ASSETS:		
Unrestricted net assets:		
Operations, designated by Board	900,000	900,000
Operations, undesignated	<u>582,053</u>	<u>403,164</u>
Total Unrestricted Net Assets	<u>1,482,053</u>	<u>1,303,164</u>
	<u>\$ 5,075,389</u>	<u>\$ 4,665,320</u>

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

COMBINED STATEMENTS OF ACTIVITIES

	Year Ended June 30,	
	2008	2007
SUPPORT AND REVENUES:		
Support:		
Grants and contracts	\$ 11,195,498	\$ 11,362,996
Contributed Services	15,000	-
Contributions	16,527	5,680
	11,227,025	11,368,676
 Revenues:		
Weatherization management fees	17,155	61,757
Program income	206,696	171,263
Attorney fees	2,315	266,587
Rental income	211,056	107,121
Developer fees	20,000	76,575
Interest income	4,070	1,423
	461,292	684,726
Total Support and Revenues	11,688,317	12,053,402
 EXPENSES:		
Program services	10,091,650	10,477,261
Support services	1,240,114	1,216,641
NMIC Lead Safe House HDFC	177,664	226,495
Total Expenses	11,509,428	11,920,397
CHANGE IN NET ASSETS	178,889	133,005
NET ASSETS, BEGINNING OF YEAR	1,303,164	1,170,159
NET ASSETS, END OF YEAR	\$ 1,482,053	\$ 1,303,164

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

COMBINED STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 178,889	\$ 133,005
Adjustments to reconcile changes in net assets from operating activities:		
Depreciation	71,595	65,262
Changes in operating assets and liabilities:		
Cash, client escrow	75,000	19,030
Grants and contracts receivable	(808,343)	(72,811)
Prepaid expenses	21,641	72,754
Other receivables	(47,652)	25,792
Security deposits	-	1,066
Accounts payable and accrued expenses	(882)	216,762
Client escrow payable	(75,000)	(19,030)
Accrued vacation payable	12,841	14,030
Refundable advances	294,221	(30,407)
Net cash from operating activities	(277,690)	425,453
NET CHANGE IN CASH AND EQUIVALENTS	(277,690)	425,453
CASH AND EQUIVALENTS, BEGINNING OF YEAR	909,222	483,769
CASH AND EQUIVALENTS, END OF YEAR	\$ 631,532	\$ 909,222

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

SUPPLEMENTARY INFORMATION
COMBINED 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 Housing Development	Total Support Services	Total Expenses		Lead Safe House HDFC
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	301,446
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	131,023
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	103,265
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	123,893
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
Other costs	71,506	790	14,481	992	37,479	2,664	127,912	67,963	140	68,103	196,015	15,083	211,098
Total expenses before depreciation and amortization	2,578,716	1,050,589	2,774,399	367,890	2,219,118	1,128,658	10,119,370	1,130,413	108,755	1,239,168	11,358,538	114,734	11,473,272
Depreciation and amortization	1,967	801	2,116	281	1,693	861	7,719	862	84	946	8,665	62,930	71,595
Total expenses	\$ 2,580,683	\$ 1,051,390	\$ 2,776,515	\$ 368,171	\$ 2,220,811	\$ 1,129,519	\$ 10,127,089	\$ 1,131,275	\$ 108,839	\$ 1,240,114	\$ 11,367,203	\$ 177,664	11,544,867
Eliminations													(35,439)
Combined Total Expenses													\$ 11,509,428

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

SUPPLEMENTARY INFORMATION
COMBINED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2007

Northern Manhattan Improvement Corporation													
Year Ended June 30, 2007													
	Program Services						Support Services			Total Expenses	Affiliate NMIC Lead Safe House HDFC	Total	
	Workforce Development	Adult Literacy	Legal Services	Organizing	Weatherization	Social Services	Total Program Services	Management and General	Program Housing Development				Total Support Services
Salaries	\$ 994,800	\$ 654,221	\$ 1,509,881	\$ 218,466	\$ 506,158	\$ 707,596	\$ 4,591,122	\$ 543,752	\$ 60,959	\$ 604,711	\$ 5,195,833	\$ 18,282	\$ 5,214,115
Payroll taxes and fringe benefits	265,015	127,966	399,316	58,330	131,601	191,263	1,173,493	226,995	16,459	243,454	1,416,947	1,398	1,418,345
Professional fees and program consultants	33,985	-	64,435	-	31,226	6,997	136,643	44,479	-	44,479	181,122	7,570	188,692
Rent emergency	-	-	58,950	-	-	-	58,950	-	-	-	58,950	-	58,950
Repairs and maintenance	12,404	11,423	37,363	1,612	11,172	8,002	81,976	3,388	584	3,972	85,948	16,393	102,341
Rent	94,126	87,056	131,815	15,822	70,491	49,504	448,814	47,170	5,391	52,561	501,375	-	501,375
Utilities	10,803	7,486	22,253	2,398	13,750	8,968	65,658	3,301	749	4,050	69,708	38,049	107,757
Program expenses	8,213	22,261	-	631	105,902	27,630	164,637	4,481	-	4,481	169,118	-	169,118
Stipends	-	400	-	-	-	32,670	33,070	-	-	-	33,070	-	33,070
Day care provider payments	840,282	-	-	-	-	-	840,282	-	-	-	840,282	-	840,282
Office expenses	14,688	18,594	10,200	439	17,815	7,822	69,558	17,931	597	18,528	88,086	890	88,976
Postage	6,316	4,055	6,498	3,037	8,000	4,977	32,883	294	3,247	3,541	36,424	-	36,424
Telephone	14,165	7,543	17,848	1,267	18,581	7,031	66,435	5,956	787	6,743	73,178	-	73,178
Subcontract material and labor	-	-	-	-	1,941,788	-	1,941,788	-	-	-	1,941,788	-	1,941,788
Subcontract - Programs	342,864	-	-	-	-	46,000	388,864	-	-	-	388,864	-	388,864
Insurance	1,055	1,103	17,720	185	145,277	9,808	175,149	10,938	202	11,140	186,289	12,058	198,347
Meetings, conferences and training	1,831	-	2,584	-	6,324	1,554	12,293	690	-	690	12,983	-	12,983
Travel	2,378	-	1,701	264	1,034	4,729	10,106	2,420	-	2,420	12,526	-	12,526
Client Travel	23,375	388	780	104	-	1,374	26,021	4	-	4	26,025	-	26,025
Printing and publications	5,873	3,311	5,495	7,764	13,266	3,058	38,767	2,300	281	2,581	41,348	-	41,348
Equipment repair and leasing	17,357	8,004	26,928	2,827	7,377	10,277	72,770	44,554	803	45,357	118,127	-	118,127
Books and subscriptions	100	1,348	18,935	25	1,289	754	22,451	460	-	460	22,911	-	22,911
Other costs	74,988	1,301	10,394	421	3,627	1,751	92,482	39,198	498	39,696	132,178	69,400	201,578
Performance-based contract expenses	-	-	-	-	-	-	-	127,481	-	127,481	127,481	-	127,481
Total expenses before depreciation and amortization	2,764,618	956,460	2,343,096	313,592	3,034,678	1,131,765	10,544,212	1,125,792	90,557	1,216,349	11,760,561	164,040	11,924,601
Depreciation and amortization	675	249	619	75	766	131	2,515	270	22	292	2,807	62,455	65,262
Total expenses	\$ 2,765,293	\$ 956,709	\$ 2,343,715	\$ 313,667	\$ 3,035,444	\$ 1,131,896	\$ 10,546,727	\$ 1,126,062	\$ 90,579	\$ 1,216,641	\$ 11,763,368	\$ 226,495	11,989,863
Eliminations													(69,466)
Combined Total Expenses													\$ 11,920,397

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

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

Nature of Organization and Principles of Combination - Northern Manhattan Improvement Corporation, ("NMIC"), is a community-based, not-for-profit organization incorporated in the State of New York in March of 1979 to serve the Washington Heights and Inwood communities. NMIC's services have formed a critical link to the overall stability of these rapidly growing and changing low-income immigrant communities. NMIC's client-centered programs minimize evictions; maximize improvements to the housing stock; provide education and training to increase employment opportunities; support families with child care, case management and domestic violence intervention services; and, give residents a greater voice in the decisions that affect their lives. All NMIC services are bilingual: English and Spanish. NMIC maintains an office in New York City where administrative and program operations are located.

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 \$35,439 to NMIC. Two members of the Board of Directors are members of NMIC. One Board member is the Executive Director of NMIC.

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

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

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.

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, 2008 and 2007.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

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, 2008 and 2007.

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.

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

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 Organization 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.

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.

Recent Accounting Pronouncements - In July 2006, the Financial Accounting Standards Board (“FASB”) issued FIN No. 48, “Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109” (“FIN No. 48”). FIN No. 48 clarifies the accounting and reporting for uncertainties in income tax law and prescribes a comprehensive model for financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. FIN No. 48 is effective for privately held companies and not-for-profit organizations for fiscal years beginning after December 15, 2007. Management does not believe FIN No. 48 will have a material impact on the Organization.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2 - Summary of Grants/Contract Funding:

The following summarizes NMIC's grant/contract support for the year ended June 30, 2008:

<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			
- Homelessness Intervention Program	11/01/03-10/31/08	715,490	\$ 49,900
- Supplemental Homelessness Intervention	03/01/04-02/28/09	1,664,850	119,100
- New York State Citizenship	10/01/07-09/30/10	438,042	79,342
- Homelessness Prevention Program	01/16/08-01/15/09	164,991	<u>89,955</u>
			<u>338,297</u>
New York State - Division of Housing and Community Renewal			
- Neighborhood Preservation Program	07/01/07-06/30/08	87,000	87,000
- Weatherization Assistance Program	04/01/04-03/31/09	12,898,240	2,423,514
- Restore	08/01/2006-	36,250	<u>9,975</u>
			<u>2,520,489</u>
The State Education Department /The University of the State of New York			
- Adult Education	07/01/07-06/30/08	462,480	462,480
- ESOL/Civics	07/01/07-06/30/08	327,376	<u>327,376</u>
			<u>789,856</u>
New York State Department of Health			
- Lead Safe House Program	04/01/07-06/30/08	104,985	87,936
- Child and Adult Care Food Program	10/01/07-09/30/08		64,384
	07/01/07-06/30/08		<u>258,419</u>
			<u>410,739</u>
New York State Office of Court Administration	01/01/07-12/31/07	40,000	20,000
New York State - Division of Criminal Justice Services			
	04/01/06-03/31/08	90,000	90,000
New York State Unified Court System			
	10/01/07-09/30/08	45,000	33,373
	10/01/07-09/30/08	75,000	56,250
NYS Office of Children and Family Services			
	2007-2008	40,000	40,000
	07/01/07-06/30/08	10,000	10,000

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

<u>Grantor/Funding Source</u>	<u>Grant/ Contract Period</u>	<u>Total Grant/ Contract</u>	<u>Recognized Support</u>
City of New York - Department of Homeless Services - Family Anti-Eviction			
- Legal Services	07/01/07-06/30/08	Fee for Service	\$ 642,536
- Home Base Affiliate Services	07/01/06-06/30/08	138,689	<u>39,253</u>
			<u>681,789</u>
City of New York - Administration for Children's Services			
- Day Care	07/01/07-06/30/08	719,698	<u>611,321</u>
City of New York - Department of Housing Preservation & Development			
- AEA Training Program			20,889
- Anti-Illegal Eviction Services	07/01/07-06/30/08	125,409	125,409
- Services to the Family - Self Sufficiency		293,210	19,795
- Community-Based Marketing Services	09/24/07-09/23/08	36,960	29,536
- Neighborhood Preservation Consultant	07/01/04-12/31/08	231,900	<u>120,329</u>
			<u>315,958</u>
N.Y.C. Department of Youth and Community Development			
- Family Literacy Initiative	08/01/06-06/30/09	434,732	149,048
- Immigrant Opportunity Initiative	07/01/06-06/30/07	50,000	50,000
- Neighborhood Development Area	07/01/07-06/30/08	48,950	48,950
- Health Stat	07/01/07-06/30/08	54,000	54,000
- Legal Assistance Program	07/01/07-06/30/08	99,975	99,975
- Family Literacy Alliance	07/01/07-06/30/08	18,750	18,750
- Adult Literacy	07/01/07-06/30/08	47,940	47,940
- Adult Literacy Disconnected Youth Program	01/01/08-06/30/08	75,000	75,000
- Adult Literacy Disconnected Youth Program	07/01/07-06/30/08	47,500	47,500
- Discretionary Funds Program		10,000	<u>10,000</u>
			<u>601,163</u>
MFY Legal Service	07/01/07-06/30/08	114,800	114,800
MFY Assigned Counsel Program	09/01/07-06/30/08	113,050	103,360
The City of New York - Department for the Aging	07/01/07-06/30/08	25,000	25,000

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

<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	07/01/07-06/30/08	449,000	\$ 449,000
The City of New York, Department of Small Business Services	07/01/07-06/30/08	120,000	118,736
Emergency Food and Shelter Program - United Way of New York City	10/01/07-09/30/08	54,494	52,160
U.S. Department of Health and Human Services - Job Opportunities for Low Income Individuals	09/30/05-09/30/08	499,727	<u>175,086</u>
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>45,262</u>
			<u>270,262</u>
Non-Profit Assistance Corporation - SEEDCO - Earned Benefit	07/01/07-06/30/08	80,000	80,000
- NYC Work Rewards Initiatives			172,984
- One Stop (NPAC)			100,082
- Special Populations			99,858
- HUD (NPAC)	10/01/07-09/30/08		64,870
- Fatherhood Initiative	10/01/06-06/30/08	125,000	65,919
- Back to Work	08/08/06-06/30/08	1,034,322	<u>423,042</u>
			<u>1,006,755</u>
<u>Other Funds:</u>			
Interest on Lawyer Account Fund of the State of New York - Legal Services	01/01/07-12/31/07	640,000	256,792
	01/01/08-12/31/08	900,000	610,000
St. James Church	12/07-12/09	50,000	12,500
Association for Neighborhood and Housing Development (INCO)	03/01/07-03/30/08	50,000	50,000
JP Morgan Chase - Manhattan		15,000	15,000
The M&T Charitable Foundation	2007-2008	5,000	5,000

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

<u>Grantor/Funding Source</u>	<u>Grant/ Contract Period</u>	<u>Total Grant/ Contract</u>	<u>Recognized Support</u>
Food Change	07/01/07-06/30/08	12,500	\$ 12,500
Child Health Clinics		35,000	35,000
Bank of Tokyo - Mitsubishi UFJ	2008-2009	4,000	4,000
The Consortium for Worker Education	10/01/07-06/30/08	270,000	270,000
Alliance for Healthy Homes	01/01/08-03/31/09	40,000	16,000
The Merck Childhood Asthma Network, Inc.	12/01/05-11/30/09	94,695	32,747
Robin Hood Foundation			
- Single Stop	07/19/07-07/08/08	285,000	285,000
- Special Pop	07/09/07-01/09/08	360,000	240,000
United Way of New York City-NYC Works	05/01/07-09/30/07	174,733	96,158
Community Service Society of New York	07/01/07-06/30/08	73,202	73,202
Allianza Dominicana, Inc. - Start Right	09/01/06-09/30/07	30,625	6,125
Columbia University Mailman School of Public Health	06/15/07-06/15/08 09/30/06-09/29/07 01/01/07-12/31/07	124,000 40,000 27,080	124,000 10,000 27,080
CAMBA			
- Section 8	07/01/07-06/30/08	80,000	80,000
DoVE Safe Horizon, Inc	07/01/07-06/30/08 07/01/07-06/30/08	50,000 50,000	50,000 <u>50,000</u>
 Total All Funds			 <u>\$ 11,195,498</u>

As displayed on pages 10 to 13, approximately 64% of NMIC's support 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 AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 3 - Grants and Contracts Receivable:

Grants and contracts receivable is comprised of the following amounts due:

	June 30,	
	2008	2007
City of New York - Administration for Children's Services	\$ 26,520	\$ 92,716
City of New York - Department of Homelessness Services	208,726	145,681
New York State Department of Health	132,123	146,911
New York State Office of Temporary and Disability Assistance	162,033	272,059
The State Education Department	78,986	107,930
City of New York - Office of Criminal Justice Coordination	187,820	125,386
City of New York - Department of Youth and Community Development	192,468	60,178
City of New York - Department Housing Preservation and Development	144,157	111,191
Interest on Lawyer Account Fund of the State of New York	90,000	63,208
Non-Profit Assistance Corporation - SEEDCO	241,628	269,324
U.S. Department of Justice	-	97,315
CAMBA	80,000	42,000
Columbia University	84,029	68,004
Community Service Society of New York	18,301	37,601
Safe Horizon, Inc	100,000	59,000
United Way of New York City	114,292	215,065
US Department of Health and Human Services	33,657	-
New York State Division of Housing and Community Renewal	369,749	-
Robin Hood Foundation	120,000	-
New York State Office of Children and Family Services	35,000	-
The Consortium for Worker Education	106,976	-
MFY Legal Services	38,760	-
New York State Unified Court System	56,250	-
Others	186,428	85,991
	<u>\$ 2,807,903</u>	<u>\$ 1,999,560</u>

Note 4 - Prepaid Expenses:

Prepaid expenses consist of the following:

	June 30,	
	2008	2007
Insurance	\$ 46,463	\$ 82,607
Other	95,336	80,833
	<u>\$ 141,799</u>	<u>\$ 163,440</u>

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 5 - Property and Equipment:

Property and equipment consist of the following:

	June 30,	
	2008	2007
Land - NMIC Lead Safe House HDFC	\$ 1	\$ 1
Building - NMIC Lead Safe House HDFC	1,730,599	1,730,599
Furniture and equipment	65,976	65,976
Vehicles	73,380	73,380
Leasehold improvements	74,940	74,940
	1,944,896	1,944,896
Less: Accumulated depreciation and amortization	665,456	593,861
	\$ 1,279,440	\$ 1,351,035

Depreciation expenses totaled \$71,595 and \$65,262 for the years ended June 30, 2008 and 2007, respectively.

Note 6 - Accrued Vacation Payable:

The liability for vacations earned but not taken has been charged to operations. Accrued vacation pay totaled \$179,421 and \$166,580 as of June 30, 2008 and 2007, respectively.

Note 7 - 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,	
	2008	2007
New York State - Division of Housing and Community Renewal	\$ 426,716	\$ 317,358
New York State Housing Trust Fund Corporation	44,200	36,250
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 - Homeless Services	38,908	-
Others	58,709	44,831
	\$ 692,660	\$ 398,439

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 8 - 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, 2009	\$ 1,018,440
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>\$ 3,380,940</u>

Rent expense for the years ended June 30, 2008 and 2007 totaled \$570,526 and \$501,375.

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 9 - 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 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 along with all the accrued interest will be considered paid in five equal annual installments, as follows:

<u>Anniversary</u>	<u>% Deemed paid</u>
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 AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 10 - Unrestricted Net Assets - Designated by Board:

The Board has designated \$900,000 of unrestricted net assets for a building fund as of June 30, 2008.

Note 11 - Related Party Transactions:

- a) NMIC West 166th Street Owners Corporation is a wholly-owned, for-profit subsidiary of NMIC. NMIC West 166th Street Owners Corporation was formed to act as general partner in developing a thirteen unit building for low-income housing. NMIC West 166th Street Owners Corporation incurred various expenses on behalf of NMIC. The amount due from the subsidiary was \$4,240 at June 30, 2008 and 2007.
- b) NMIC is the sponsor of 453 West 166th Street, L.P. (a limited partnership) in which NMIC West 166th Street Owners Corporation, a wholly owned for-profit subsidiary of NIMIC, is the general partner. NMIC, as Sponsor, has guaranteed performances of the general partner's obligations under the Partnership Agreement, including partnership management duties, guarantees against development cost overruns, operating deficits and reduced tax benefits. 453 West 166th Street, L.P. owed NMIC a developer fee of \$37,224 as of June 30, 2003. In 2004, \$25,000 was paid, leaving a balance due of \$12,224.
- c) 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 12 - 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 \$390,631 and \$410,405 for the years ended June 30, 2008 and 2007, respectively, which represents NMIC's contributions to this plan.

Note 13 - 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 (8.25% at June 30, 2008). The line of credit expires on December 25, 2008. NMIC did not draw down any funds during the year ended June 30, 2008.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

COMBINING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2008

ASSETS	Combined	Eliminations	Northern Manhattan Improvement Corporation	NMIC Lead Safe House HDFC
CURRENT ASSETS:				
Cash and equivalents	\$ 631,532	\$ -	\$ 452,065	\$ 179,467
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.	12,224	-	12,224	-
Due from NMIC Lead Safe House HDFC	-	(17,445)	17,445	-
Due from NMIC West 166 Street Owner's Corporation	4,240	-	4,240	-
Prepaid expenses	141,799	-	141,799	-
Other receivables	<u>109,408</u>	<u>-</u>	<u>98,617</u>	<u>10,791</u>
Total Current Assets	3,740,949	(17,445)	3,568,136	190,258
 PROPERTY AND EQUIPMENT, NET	 1,279,440	 -	 15,073	 1,264,367
 SECURITY DEPOSITS	 <u>55,000</u>	 <u>-</u>	 <u>55,000</u>	 <u>-</u>
	<u>\$ 5,075,389</u>	<u>\$ (17,445)</u>	<u>\$ 3,638,209</u>	<u>\$ 1,454,625</u>
 LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 956,812	\$ -	\$ 911,873	\$ 44,939
Client escrow payable	33,843	-	33,843	-
Accrued vacation payable	179,421	-	179,421	-
Refundable advances	692,660	-	692,660	-
Due to Northern Manhattan Improvement Corporation	<u>-</u>	<u>(17,445)</u>	<u>-</u>	<u>17,445</u>
Total Current Liabilities	1,862,736	(17,445)	1,817,797	62,384
 MORTGAGE PAYABLE	 <u>1,730,600</u>	 <u>-</u>	 <u>-</u>	 <u>1,730,600</u>
 COMMITMENT AND CONTINGENCY				
NET ASSETS:				
Unrestricted net assets:				
Operations, designated by Board	900,000	-	900,000	-
Operations, undesignated	<u>582,053</u>	<u>-</u>	<u>920,412</u>	<u>(338,359)</u>
Total Unrestricted Net Assets	1,482,053	-	1,820,412	(338,359)
	<u>\$ 5,075,389</u>	<u>\$ (17,445)</u>	<u>\$ 3,638,209</u>	<u>\$ 1,454,625</u>

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

COMBINING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2007

ASSETS	Combined	Eliminations	Northern Manhattan Improvement Corporation	NMIC Lead Safe House HDFC
CURRENT ASSETS:				
Cash and equivalents	\$ 909,222	\$ -	\$ 864,494	\$ 44,728
Cash - client escrow	108,843	-	108,843	-
Grants and contracts receivable	1,999,560	-	1,999,560	-
Due from 453 West 166th Street, L.P.	12,224	-	12,224	-
Due from NMIC Lead Safe House HDFC	-	(17,445)	17,445	-
Due from NMIC West 166 Street Owner's Corporation	4,240	-	4,240	-
Prepaid expenses	163,440	-	163,440	-
Other receivables	<u>61,756</u>	<u>-</u>	<u>52,655</u>	<u>9,101</u>
Total Current Assets	3,259,285	(17,445)	3,222,901	53,829
 PROPERTY AND EQUIPMENT, NET	 1,351,035	 -	 23,737	 1,327,298
 SECURITY DEPOSITS	 <u>55,000</u>	 <u>-</u>	 <u>55,000</u>	 <u>-</u>
	<u>\$ 4,665,320</u>	<u>\$ (17,445)</u>	<u>\$ 3,301,638</u>	<u>\$ 1,381,127</u>
 LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 957,694	\$ -	\$ 917,422	\$ 40,272
Client escrow payable	108,843	-	108,843	-
Accrued vacation payable	166,580	-	166,580	-
Refundable advances	398,439	-	398,439	-
Due to Northern Manhattan Improvement Corporation	<u>-</u>	<u>(17,445)</u>	<u>-</u>	<u>17,445</u>
Total Current Liabilities	1,631,556	(17,445)	1,591,284	57,717
 MORTGAGE PAYABLE	 <u>1,730,600</u>	 <u>-</u>	 <u>-</u>	 <u>1,730,600</u>
 COMMITMENT AND CONTINGENCY				
NET ASSETS:				
Unrestricted net assets:				
Operations, designated by Board	900,000	-	900,000	-
Operations, undesignated	<u>403,164</u>	<u>-</u>	<u>810,354</u>	<u>(407,190)</u>
Total Unrestricted Net Assets	1,303,164	-	1,710,354	(407,190)
	<u>\$ 4,665,320</u>	<u>\$ (17,445)</u>	<u>\$ 3,301,638</u>	<u>\$ 1,381,127</u>

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

	<u>Combined</u>	<u>Eliminations</u>	<u>Northern Manhattan Improvement Corporation</u>	<u>NMIC Lead Safe House HDFC</u>
SUPPORT AND REVENUES:				
Support:				
Grants and contracts	\$ 11,195,498	\$ -	\$ 11,195,498	\$ -
Contributed Services	15,000		15,000	
Contributions	<u>16,527</u>	<u>-</u>	<u>16,527</u>	<u>-</u>
	<u>11,227,025</u>	<u>-</u>	<u>11,227,025</u>	<u>-</u>
Revenues:				
Weatherization management fees	17,155	-	17,155	-
Program income	206,696	-	206,696	-
Attorney fees	2,315	-	2,315	-
Rental income	211,056	(35,439)	-	246,495
Developer fees	20,000	-	20,000	-
Interest income	4,070	-	4,070	-
	<u>461,292</u>	<u>(35,439)</u>	<u>250,236</u>	<u>246,495</u>
 Total Support and Revenues	 <u>11,688,317</u>	 <u>(35,439)</u>	 <u>11,477,261</u>	 <u>246,495</u>
EXPENSES:				
Program services	10,091,650	(35,439)	10,127,089	-
Support services	1,240,114	-	1,240,114	-
NMIC Lead Safe House HDFC	<u>177,664</u>	<u>-</u>	<u>-</u>	<u>177,664</u>
Total Expenses	<u>11,509,428</u>	<u>(35,439)</u>	<u>11,367,203</u>	<u>177,664</u>
 CHANGE IN NET ASSETS	 178,889	 -	 110,058	 68,831
 NET ASSETS, BEGINNING OF YEAR	 <u>1,303,164</u>	 <u>-</u>	 <u>1,710,354</u>	 <u>(407,190)</u>
 NET ASSETS, END OF YEAR	 <u>\$ 1,482,053</u>	 <u>\$ -</u>	 <u>\$ 1,820,412</u>	 <u>\$ (338,359)</u>

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

	<u>Combined</u>	<u>Eliminations</u>	<u>Northern Manhattan Improvement Corporation</u>	<u>NMIC Lead Safe House HDFC</u>
SUPPORT AND REVENUES:				
Support:				
Grants and contracts	\$ 11,362,996	\$ -	\$ 11,362,996	\$ -
Contributions	5,680	-	5,680	-
	<u>11,368,676</u>	<u>-</u>	<u>11,368,676</u>	<u>-</u>
Revenues:				
Weatherization management fees	61,757	-	61,757	-
Program income	171,263	-	171,263	-
Attorney fees	266,587	-	266,587	-
Rental income	107,121	(69,468)	-	176,589
Developer fees	76,575	-	76,575	-
Interest income	1,423	-	1,423	-
	<u>684,726</u>	<u>(69,468)</u>	<u>577,605</u>	<u>176,589</u>
Total Support and Revenues	<u>12,053,402</u>	<u>(69,468)</u>	<u>11,946,281</u>	<u>176,589</u>
EXPENSES:				
Program services	10,477,261	(69,468)	10,546,729	-
Support services	1,216,641	-	1,216,641	-
NMIC Lead Safe House HDFC	226,495	-	-	226,495
Total Expenses	<u>11,920,397</u>	<u>(69,468)</u>	<u>11,763,370</u>	<u>226,495</u>
CHANGE IN NET ASSETS	133,005	-	182,911	(49,906)
NET ASSETS, BEGINNING OF YEAR	<u>1,170,159</u>	<u>-</u>	<u>1,527,443</u>	<u>(357,284)</u>
NET ASSETS, END OF YEAR	<u>\$ 1,303,164</u>	<u>\$ -</u>	<u>\$ 1,710,354</u>	<u>\$ (407,190)</u>

See accompanying notes to financial statements.

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

SCHEDULE IN SUPPORT OF PROGRAM COMPLIANCE

YEAR ENDED JUNE 30, 2008

Grant C090041/2007 Contract Period 4/1/2007 3/31/2008	Grant C090041/2008 Contract Period 4/1/2008 3/31/2009

Completed Units Information

Total number of units contracted for	1,002	840
Total number of units completed per client files as of June 30, 2008	1,002	-
Total number of units certified as acceptable and complete by the New York State, Department of State, as of June 30, 2008	1,002	-

See accompanying notes to financial statements.

**NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE
NEW YORK STATE - DIVISION OF HOUSING AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE
GRANT NUMBER C090041/2007
SCHEDULE OF ASSETS AND LIABILITIES**

YEAR ENDED JUNE 30, 2008

ASSETS

CURRENT ASSETS:

Cash	\$ -
Grant Receivable - NYS DHCR	5,720
Due from other funds	<u>1,384</u>
	<u>\$ 7,104</u>

LIABILITIES

CURRENT LIABILITES -

Accounts payable	<u>\$ 7,104</u>
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See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

**NEW YORK STATE - DIVISION OF HOUSING AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE - GRANT NUMBER C090041/2007**

**SCHEDULE OF ACCOUNTS PAYABLE
JUNE 30, 2008**

<u>Invoice Date</u>	<u>Vendor</u>	<u>Amount</u>
3/28/08	A.I. Credit Corporation	\$ 7,104
		<u>\$ 7,104</u>

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

NEW YORK STATE - DIVISION OF HOUSING AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE - GRANT NUMBER C090041/2007

SCHEDULE OF REVENUES AND EXPENDITURES

PROJECT PERIOD APRIL 1, 2007 TO MARCH 31, 2008

	(Unaudited) Budgeted Amount	Incurred Audit Ended 6/30/2007	Ended 6/30/2008	Total 4/1/2007 6/30/2008	Over (Under) Budget
REVENUES - GRANT INCOME	\$ 2,604,001	\$ 542,268	\$ 2,061,733	\$ 2,604,001	\$ -
EXPENDITURES - MATERIAL COSTS:					
Agency	47,627	3,055	23,889	26,944	(20,683)
Subcontracted	900,000	185,309	705,113	890,422	(9,578)
	<u>947,627</u>	<u>188,364</u>	<u>729,002</u>	<u>917,366</u>	<u>(30,261)</u>
LABOR COSTS:					
Salaries/wages	540,128	152,942	393,161	546,103	5,975
Fringe benefits	140,433	41,293	106,554	147,847	7,414
Subcontracted	427,000	62,953	397,748	460,701	33,701
	<u>1,107,561</u>	<u>257,188</u>	<u>897,463</u>	<u>1,154,651</u>	<u>47,090</u>
PROGRAM SUPPORT:					
Building maintenance	10,300	2,417	11,447	13,864	3,564
Office supplies	12,000	6,861	12,492	19,353	7,353
Office space	65,000	16,490	48,510	65,000	-
Insurance/bonding	14,280	1,183	(724)	459	(13,821)
Warehouse	6,000	-	6,000	6,000	-
Weatherization tools/supplies	5,000	1,178	8,310	9,488	4,488
Utilities/fuel	10,000	3,205	6,852	10,057	57
Vehicle insurance	11,000	-	9,086	9,086	(1,914)
Office furniture/equipment	11,000	-	-	-	(11,000)
Vehicle maintenance	5,000	660	5,251	5,911	911
Travel	8,969	889	605	1,494	(7,475)
Weatherization equipment	1,802	-	-	-	(1,802)
Staff development	5,000	683	(83)	600	(4,400)
Health and safety	8,000	-	4,668	4,668	(3,332)
Telecommunications	15,000	3,750	11,704	15,454	454
Postage and shipping	8,000	2,000	6,022	8,022	22
Advertising/marketing	8,000	-	656	656	(7,344)
Printing and copying	5,000	1,036	9,869	10,905	5,905
Dues/fees	3,000	35	715	750	(2,250)
Energy audit	40,000	6,000	34,000	40,000	-
Other allowance	10,000	1,840	12,108	13,948	3,948
	<u>262,351</u>	<u>48,227</u>	<u>187,488</u>	<u>235,715</u>	<u>(26,636)</u>
LIABILITY INSURANCE	<u>108,625</u>	<u>48,489</u>	<u>77,680</u>	<u>126,169</u>	<u>17,544</u>
FINANCIAL AUDIT	<u>25,420</u>	<u>-</u>	<u>25,420</u>	<u>25,420</u>	<u>-</u>
TRAINING AND TECHNICAL ASSISTANCE	<u>24,040</u>	<u>-</u>	<u>16,303</u>	<u>16,303</u>	<u>(7,737)</u>
ADMINISTRATIVE COSTS:					
Salaries and Fringe	127,414	-	126,324	126,324	(1,090)
Other allowance	963	-	2,053	2,053	1,090
	<u>128,377</u>	<u>-</u>	<u>128,377</u>	<u>128,377</u>	<u>-</u>
CAPITAL EQUIPMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,604,001</u>	<u>542,268</u>	<u>2,061,733</u>	<u>2,604,001</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 AFFILIATE

**NEW YORK STATE - DIVISION OF HOUSING AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE - GRANT NUMBER C090041/2007**

**SCHEDULE OF QUESTIONED COSTS
PROJECT PERIOD APRIL 1, 2007 TO MARCH 31, 2008**

NONE

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

NEW YORK STATE - DIVISION OF HOUSING AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE - GRANT NUMBER C090041/2008

SCHEDULE OF REVENUES AND EXPENDITURES

PROJECT PERIOD APRIL 1, 2008 TO JUNE 30, 2008

	(Unaudited) Budgeted Amount	Total 4/1/2008 6/30/2008	Over (Under) Budget
REVENUES - GRANT INCOME	\$ 2,853,229	\$ 361,781	\$ (2,491,448)
EXPENDITURES MATERIAL COSTS:			
Agency	30,000	6,034	(23,966)
Subcontracted	<u>908,000</u>	<u>27,963</u>	<u>(880,037)</u>
	<u>938,000</u>	<u>33,997</u>	<u>(904,003)</u>
LABOR COSTS:			
Agency Labor	730,831	164,452	(566,379)
Subcontracted	<u>580,026</u>	<u>22,638</u>	<u>(557,388)</u>
	<u>1,310,857</u>	<u>187,090</u>	<u>(1,123,767)</u>
PROGRAM SUPPORT:			
Building maintenance	14,000	4,594	(9,406)
Office supplies	12,000	2,486	(9,514)
Office space	107,045	20,517	(86,528)
Insurance/bonding	14,500	508	(13,992)
Warehouse	6,000	1,500	(4,500)
Weatherization tools/supplies	5,000	271	(4,729)
Utilities/fuel	12,000	2,999	(9,001)
Vehicle Insurance	11,000	9,727	(1,273)
Office furniture/equipment	500	-	(500)
Vehicle maintenance	4,000	1,764	(2,236)
Travel	8,000	1,560	(6,440)
Weatherization equipment	2,000	-	(2,000)
Staff development	3,000	4,610	1,610
Health and safety	5,000	213	(4,787)
Telecommunications	16,000	3,980	(12,020)
Postage and shipping	10,000	2,500	(7,500)
Advertising/ marketing	8,000	2,622	(5,378)
Printing and copying	5,000	3,703	(1,297)
Dues/fees	3,000	-	(3,000)
Energy audit	50,000	7,500	(42,500)
Other allowance	<u>10,000</u>	<u>7,217</u>	<u>(2,783)</u>
	<u>306,045</u>	<u>78,271</u>	<u>(227,774)</u>
LIABILITY INSURANCE	<u>118,820</u>	<u>25,354</u>	<u>(93,466)</u>
FINANCIAL AUDIT	<u>24,420</u>	<u>6,105</u>	<u>(18,315)</u>
TRAINING AND TECHNICAL ASSISTANCE	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
ADMINISTRATIVE COSTS:			
Salaries and fringe	139,487	30,964	(108,523)
Other allowance	<u>600</u>	<u>-</u>	<u>(600)</u>
	<u>140,087</u>	<u>30,964</u>	<u>(109,123)</u>
CAPITAL EQUIPMENT	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,853,229</u>	<u>361,781</u>	<u>(2,491,448)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

NEW YORK CITY - ADMINISTRATION FOR CHILDREN'S SERVICES
 AGENCY FOR CHILD DEVELOPMENT - BUDGET ID NUMBER 08-935EX

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET VS. ACTUAL

YEAR ENDED JUNE 30, 2008

	(Unaudited) Budgeted Amount	Total 7/1/2007 6/30/2008	Over (Under) Budget
REVENUES:			
ACS	\$ 719,698	\$ 611,321	\$ (108,377)
Parent Fees	<u>-</u>	<u>49,017</u>	<u>49,017</u>
	<u>719,698</u>	<u>660,338</u>	<u>(59,360)</u>
EXPENDITURES:			
Personnel costs:			
ACS regular salaries	59,641	52,443	(7,198)
Employer's FICA	4,563	3,886	(677)
Unemployment insurance	842	995	153
Personnel insurance	-	-	-
Welfare plans	2,268	9,281	7,013
FCC Initiative Code 37	<u>442,000</u>	<u>439,499</u>	<u>(2,501)</u>
	<u>509,314</u>	<u>506,104</u>	<u>(3,210)</u>
PROVIDER PARENTS STIPENDS	<u>199,953</u>	<u>143,093</u>	<u>(56,860)</u>
OTHER NON-ITEMIZED OTPS COSTS:			
Classroom supply and equipment:	4,070	4,070	-
Other OTPS	<u>6,361</u>	<u>7,071</u>	<u>710</u>
	<u>10,431</u>	<u>11,141</u>	<u>710</u>
TOTAL EXPENDITURES	<u>719,698</u>	<u>660,338</u>	<u>(59,360)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

**NEW YORK CITY - ADMINISTRATION FOR CHILDREN'S SERVICES
AGENCY FOR CHILD DEVELOPMENT - BUDGET ID NUMBER 08-935EX**

**DETAILED EXPLANATION OF QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

NONE

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

**NEW YORK CITY - ADMINISTRATION FOR CHILD DEVELOPMENT
AGENCY FOR CHILD DEVELOPMENT - BUDGET ID NUMBER 08-935 EX**

**SCHEDULE OF CONSULTANTS
YEAR ENDED JUNE 30, 2008**

NONE

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

**NEW YORK CITY - ADMINISTRATION FOR CHILD DEVELOPMENT
AGENCY FOR CHILD DEVELOPMENT - BUDGET ID NUMBER 08-935 EX**

**SCHEDULE OF FIXED ASSETS INVENTORY
YEAR ENDED JUNE 30, 2008**

NONE

See accompanying notes to financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
AGENCY FOR CHILD DEVELOPMENT - BUDGET ID NUMBER 07-935 EX**

SCHEDULE OF QUANTITATIVE PROGRAM RESULTS

YEAR ENDED JUNE 30, 2008

1. Average Daily Attendance

A. The average daily attendance for the twelve months under audit (July - June) is 300 children a day.

B. This program is contracted to serve 60 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 AFFILIATE

EXIT CONFERENCE

Grantee: Northern Manhattan Improvements Corporation

Address: 76 Wadsworth Avenue New York, New York 10033

Period Audited: Year ended June 30, 2008

Where Held: Northern Manhattan Improvements Corporation

Date Held: October 6, 2008

In Attendance For:

Northern Manhattan Improvements Corporation
Barbara Lowry - Executive Director
Rosaura Morales - Chief Financial Officer
Carol Redo - Board Member
Matt Howard - Board Member
Michael Karp - Board Member

Wiss & Company, LLP
Theresa M. Dominianni, CPA - Partner

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 affiliate
New York, New York

We have audited the combined financial statements of Northern Manhattan Improvements Corporation and affiliate as of and for the years ended June 30, 2008 and 2007, and have issued our report thereon dated October 7, 2008. 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 affiliate's 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 affiliate's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Northern Manhattan Improvement Corporation and affiliate's 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 affiliate's 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
WISS & COMPANY, LLP

Livingston, New Jersey
October 7, 2008



**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 affiliate
New York, New York

Compliance

We have audited the compliance of Northern Manhattan Improvement Corporation and affiliate, 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 years ended June 30, 2008 and 2007. Northern Manhattan Improvement Corporation and affiliate's 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 affiliate's management. Our responsibility is to express an opinion on Northern Manhattan Improvement Corporation and affiliate's 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 affiliate's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Northern Manhattan Improvement Corporation and affiliate's compliance with those requirements.

In our opinion Northern Manhattan Improvement Corporation and affiliate complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the years ended June 30, 2008 and 2007.

Internal Control Over Compliance

The management of Northern Manhattan Improvement Corporation and affiliate 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 affiliate's 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 affiliate's 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 7, 2008

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

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	\$ 175,086
Passed through the City of New York, Department of Homeless Services - Family Anti-Eviction	93.020	N/A	340,894
Passed through Alianza Dominicana, Inc.	93.945	N/A	6,125
Passed through the City of New York, New York City Department of Youth and Community Development			
- Legal Assistance Program	93.569	N/A	99,575
- Neighborhood Development Area	93.569	N/A	48,950
- 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	C090041/2007 C090041/2008	1,725,579
Passed through the New York State Office of Temporary and Disability Assistance - Supplemental Homelessness Intervention	93.558	N/A	119,100
Passed through the Non-Profit Assistance Corporation - SEEDCO			
- Upper Manhattan One Stop	17.260	N/A	100,082
- Special Populations	17.258	N/A	99,858
- HUD-NPAC	14.169	N/A	64,870
- Back to Work	93.558	N/A	423,042
Passed through the Columbia-Mailman School of Public Health - Community Voices Asthma Basics for Children	93.283	N/A	124,000
Passed through City of New York - Administration for Children Services - Daycare	93.575	N/A	342,340
United States Department of Education			
Passed through the State Education Department/The University of the State of NY - ESOL / Civics	84.002A	N/A	327,376
- Adult Education State Grant Program	84.002A	N/A	462,480
United States Department of Energy			
Passed through the New York State Division of Housing and Community Renewal - Weatherization Assistance Program	81.042	C090041/2007 C090041/2008	697,935
Federal Emergency Management Agency			
Passed through the United Way of New York City - Emergency Food and Shelter National Board	97.024	N/A	52,160
United States Department of Justice			
- Violence Against Women	16.524	N/A	225,000
- Transitional Housing for Victims of Domestic Violence	16.736	N/A	45,262
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>322,799</u>
Total Expenditures of Federal Awards			<u>\$ 5,856,513</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

**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 affiliate (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 AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

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
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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
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Identification of major programs:

<u>Federal</u>	<u>CFDA Number</u>	<u>Amount</u>
Weatherization assistance program	81.042	\$ 697,935
Weatherization assistance program	93.568	1,725,579

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
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Qualified as low-risk auditee	<u> X </u> Yes	<u> </u> No
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NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2008

Section II. Financial Statements Findings

NONE

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2008

Section III. Federal Award Findings and Questioned Costs

NONE

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATE

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

YEAR ENDED JUNE 30, 2008

Status of Prior Year Findings

There were no prior year findings.