

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

**CONSOLIDATED FINANCIAL REPORT
JUNE 30, 2012**



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, 2012 and 2011, 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, 2012 and 2011, 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, 2012 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 financial statements of Northern Manhattan Improvement Corporation and affiliate taken as a whole. The accompanying schedule of expenditures of federal awards on pages 42 to 43 is presented for purposes of additional analysis as required by the 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated basic financial statements or to the consolidated basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. In addition, the accompanying supplemental information on pages 23 to 37 is also presented only for purposes of additional analysis and is not a required part of the consolidated basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated basic financial statements or to the consolidated basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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, 2012

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30,	
	2012	2011
CURRENT ASSETS:		
Cash and equivalents (variable interest entities restricted -2012- \$244,928 and 2011- \$227,845)	\$ 3,477,395	\$ 4,279,931
Cash - client escrow	41,775	23,325
Grants and contracts receivable	3,904,933	3,721,554
Prepaid expenses	91,236	302,965
Other receivables	78,832	22,554
Total Current Assets	<u>7,594,171</u>	<u>8,350,329</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES:		
Tenant security deposits	5,634	5,432
Reserves and mortgage escrows (variable interest entities restricted - 2012 \$116,786 and 2011- \$109,089)	<u>116,786</u>	<u>109,089</u>
Total Restricted Deposits and Funded Reserves	<u>122,420</u>	<u>114,521</u>
PROPERTY AND EQUIPMENT, NET (variable interest entities restricted - 2012 \$1,194,039 and 2011- \$1,282,853)	1,194,039	1,294,582
SECURITY DEPOSITS AND OTHER ASSETS	<u>96,470</u>	<u>63,530</u>
	<u>\$ 9,007,100</u>	<u>\$ 9,822,962</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses (variable interest entities - 2012 \$92,626 and 2011- \$72,260)	\$ 3,993,252	\$ 4,271,632
Client escrow payable	41,775	19,586
Accrued vacation payable	200,253	172,609
Refundable advances	427,347	649,029
Other liabilities	76,231	57,966
Total Current Liabilities	<u>4,738,858</u>	<u>5,170,822</u>
MORTGAGE PAYABLE (variable interest entities - 2012 and 2011- \$2,771,044)	<u>2,771,044</u>	<u>2,771,044</u>
COMMITMENT AND CONTINGENCY		
NET ASSETS:		
Deficit	(266,237)	(265,610)
Unrestricted net assets - controlling interest:		
Operations, designated by Board	900,000	900,000
Operations, undesignated	<u>1,957,283</u>	<u>2,228,508</u>
Total Unrestricted Net Assets - controlling interest	2,591,046	2,862,898
Unrestricted net assets - noncontrolling interest	<u>(1,093,848)</u>	<u>(981,802)</u>
Total Net Assets	<u>1,497,198</u>	<u>1,881,096</u>
	<u>\$ 9,007,100</u>	<u>\$ 9,822,962</u>

The variable interest entities' (VIE's) assets can only be used to settle their consolidated liabilities as the VIE's creditors do not have recourse to the assets of NMIC, (the primary beneficiary), except as disclosed in the notes to the consolidated financial statements.

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF ACTIVITIES

	Year Ended June 30,	
	2012	2011
SUPPORT AND REVENUE:		
Support:		
Grants and contracts	\$ 17,995,896	\$ 18,013,547
Contributions	24,162	31,252
Contributed services	58,615	-
	<u>18,078,673</u>	<u>18,044,799</u>
Revenue:		
Program income	347,095	298,540
Attorney fees	34,228	81,237
Partnership Management Fees	-	-
Rental income	277,039	357,632
Developer fees	259,235	118,640
Interest income	7,054	5,577
Unrealized gain on investments	-	2,196
Other income	887	307
	<u>925,538</u>	<u>864,129</u>
 Total Support and Revenue	 <u>19,004,211</u>	 <u>18,908,928</u>
 EXPENSES:		
Program services	16,828,219	16,397,877
Support services	2,208,104	1,854,155
NMIC Lead Safe House HDfC	195,668	188,737
453 West 166th Street LP	144,110	154,531
NMIC West 166th Street Owner's Corporation	12,008	11,414
Total Expenses	<u>19,388,109</u>	<u>18,606,714</u>
 CHANGE IN NET ASSETS	 (383,898)	 302,214
CHANGE IN NET ASSETS ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>112,046</u>	<u>78,213</u>
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	(271,852)	380,427
NET ASSETS, BEGINNING OF YEAR - CONTROLLING INTEREST	<u>2,862,898</u>	<u>2,482,471</u>
NET ASSETS, END OF YEAR - CONTROLLING INTEREST	<u>\$ 2,591,046</u>	<u>\$ 2,862,898</u>
NET ASSETS, BEGINNING OF YEAR - NONCONTROLLING INTEREST	\$ (981,802)	\$ (903,589)
CHANGE IN NET ASSETS ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>(112,046)</u>	<u>(78,213)</u>
NET ASSETS, END OF YEAR - NONCONTROLLING INTEREST	<u>\$ (1,093,848)</u>	<u>\$ (981,802)</u>

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (383,898)	\$ 302,214
Adjustments to reconcile changes in net assets from operating activities:		
Depreciation and amortization	100,758	122,470
Unrealized gain on investments	-	(2,196)
Changes in operating assets and liabilities:		
Cash - client escrow	(18,450)	15,518
Grants and contracts receivable	(183,379)	283,830
Prepaid expenses	211,729	(198,075)
Other receivables	(56,278)	26,701
Tenant security deposits	(146)	-
Security deposits and other assets	(33,211)	5,416
Change in reserves and mortgage escrows	(7,697)	(5,490)
Accounts payable and accrued expenses	(278,380)	(348,743)
Client escrow payable	22,189	(16,954)
Accrued vacation payable	27,644	394
Refundable advances	(221,682)	(2,222,861)
Other liabilities	18,265	11,026
Net cash from operating activities	(802,536)	(2,026,750)
NET CHANGE IN CASH AND EQUIVALENTS	(802,536)	(2,026,750)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	4,279,931	6,306,681
CASH AND EQUIVALENTS, END OF YEAR	\$ 3,477,395	\$ 4,279,931

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2012

Northern Manhattan Improvement Corporation																	
Program Services										Support Services			Affiliate NMIC Lead Safe House HDFC	453 West 166th Street HDFC	453 West 166th Street LP	NMIC West 166th Street Owner's Corporation	Total
Workforce Development	Adult Literacy	Legal Services	Organizing	Weatherization	Social Services	Total Program Services	Management and General	Program Development	Total Support Services	Total Expenses							
Salaries - Full time	\$ 946,247	\$ 427,966	\$1,250,640	\$322,529	\$ 1,054,945	\$ 552,511	\$ 4,554,838	\$1,039,638	\$ 138,249	\$ 1,177,887	\$ 5,732,725	\$ 18,770	\$ -	\$ -	\$ -	\$ 5,751,495	
Salaries - Part time	-	379,396	2,400	9,270	87,300	-	478,366	-	-	-	478,366	-	-	-	-	478,366	
Payroll taxes and fringe benefits - Full time	273,105	123,402	360,716	93,045	304,833	159,431	1,314,532	380,049	39,869	419,918	1,734,450	2,883	-	-	-	1,737,333	
Payroll taxes and fringe benefits - Part time	-	46,020	290	1,128	10,378	-	57,816	-	-	-	57,816	-	-	-	-	57,816	
Professional fees and program consultants	54,629	-	26,110	4,240	60,738	275	145,992	216,876	1,207	218,083	364,075	7,223	-	13,754	-	385,052	
Rent-other	-	24,364	61,154	-	-	11,400	96,918	-	-	-	96,918	-	-	-	-	96,918	
Repairs and maintenance	14,242	14,226	27,860	6,356	19,421	6,253	88,358	102,686	3,144	105,830	194,188	20,792	-	46,993	-	261,973	
Rent	193,061	227,656	261,158	51,122	187,446	74,169	994,612	99,547	32,186	131,733	1,126,345	-	-	-	-	1,126,345	
Utilities	14,472	11,446	18,032	1,480	24,174	5,919	75,523	6,210	2,377	8,587	84,110	34,906	-	28,478	-	147,494	
Program expenses	11,746	11,217	544	-	249,032	759	273,298	-	-	-	273,298	-	-	-	-	273,298	
Stipends	-	22,875	-	-	-	-	22,875	-	-	-	22,875	-	-	-	-	22,875	
Day care provider payments	966,794	-	-	-	-	-	966,794	-	-	-	966,794	-	-	-	-	966,794	
Office expenses	12,323	14,903	13,333	3,276	21,024	5,104	69,963	5,032	1,700	6,732	76,695	1,625	-	-	-	78,320	
Postage	2,278	3,906	7,547	620	10,016	1,750	26,117	2,637	693	3,330	29,447	201	-	-	-	29,648	
Telephone	13,887	9,935	28,327	919	23,002	7,426	83,496	1,940	2,314	4,254	87,750	659	-	-	-	88,409	
Subcontract material and labor	-	-	-	-	7,144,015	-	7,144,015	-	-	-	7,144,015	-	-	-	-	7,144,015	
Insurance	3,051	491	11,959	867	60,938	2,948	80,254	5,546	1,857	7,403	87,657	16,282	-	5,643	-	109,582	
Meetings, conferences and training	188	2,400	2,530	40	52,908	360	58,426	5,522	-	5,522	63,948	-	-	-	-	63,948	
Travel	845	63	1,587	915	22,684	1,301	27,395	6,842	-	6,842	34,237	-	-	-	-	34,237	
Client Travel	23,666	5,387	375	5	-	967	30,400	-	-	-	30,400	-	-	-	-	30,400	
Printing and publications	976	254	548	665	18,176	167	20,786	1,261	315	1,576	22,362	-	-	-	-	22,362	
Equipment purchase	18,089	-	628	505	10,402	2,714	32,338	7,554	-	7,554	39,892	-	-	-	-	39,892	
Equipment repair and leasing	8,936	9,278	24,519	5,982	20,822	5,790	75,327	19,425	357	19,782	95,109	-	-	-	-	95,109	
Books and subscriptions	31	-	12,421	26	1,338	-	13,816	2,630	-	2,630	16,446	-	-	-	-	16,446	
Partnership management fees	-	-	-	-	-	-	-	-	-	-	-	11,995	-	12,032	12,032	36,059	
Property management fees	-	-	-	-	-	-	-	-	-	-	-	-	-	7,664	-	7,664	
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	11,906	-	11,906	
Performance-based contract expenses	-	-	-	-	-	-	-	13,931	-	13,931	13,931	-	-	-	-	13,931	
Contributed services	2,615	56,000	-	-	-	-	58,615	-	-	-	58,615	-	-	-	-	58,615	
Other costs	12,722	266	5,582	437	13,155	828	32,990	64,783	357	65,140	98,130	17,423	-	3,552	(24)	119,081	
Total expenses before depreciation and amortization	2,573,903	1,391,451	2,118,260	503,427	9,396,747	840,072	16,823,860	1,982,109	224,625	2,206,734	19,030,594	132,759	-	130,022	12,008	19,305,383	
Depreciation and amortization	1,623	820	1,298	309	5,794	515	10,359	1,232	138	1,370	11,729	62,909	-	26,120	-	100,758	
Total expenses	2,575,526	1,392,271	2,119,558	503,736	9,402,541	840,587	16,834,219	1,983,341	224,763	2,208,104	19,042,323	195,668	-	156,142	12,008	19,406,141	
Eliminations	-	-	-	-	(6,000)	-	(6,000)	-	-	-	(6,000)	-	-	(12,032)	-	(18,032)	
Consolidated Total Expenses	\$ 2,575,526	\$ 1,392,271	\$ 2,119,558	\$ 503,736	\$ 9,396,541	\$ 840,587	\$ 16,828,219	\$ 1,983,341	\$ 224,763	\$ 2,208,104	\$ 19,036,323	\$ 195,668	\$ -	\$ 144,110	\$ 12,008	\$ 19,388,109	

See accompanying notes to consolidated financial statements

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2011

	Northern Manhattan Improvement Corporation											Affiliate NMIC Lead Safe House HDFC	453 West 166th Street LP	NMIC West 166th Street Owner's Corporation	Total
	Program Services						Support Services								
	Workforce Development	Adult Literacy	Legal Services	Organizing	Weatherization	Social Services	Total Program Services	Management and General	Program Development	Total Support Services	Total Expenses				
Salaries - Full time	\$ 675,787	\$ 493,237	\$1,166,308	\$260,354	\$ 995,298	\$534,756	\$ 4,125,740	\$ 834,197	\$ 80,770	\$ 914,967	\$ 5,040,707	\$ 18,970	\$ -	\$ -	\$ 5,059,677
Salaries - Part time	-	369,694	-	-	-	-	369,694	-	-	-	369,694	-	-	-	369,694
Payroll taxes and fringe benefits - Full time	195,978	143,039	338,229	75,504	288,637	155,079	1,196,466	270,622	23,423	294,045	1,490,511	1,936	-	-	1,492,447
Payroll taxes and fringe benefits - Part time	-	44,844	-	-	-	-	44,844	-	-	-	44,844	-	-	-	44,844
Professional fees and program consultants	29,903	4,589	127,730	846	40,950	5,629	209,647	193,614	18,333	211,947	421,594	9,000	11,616	-	442,210
Rent emergency	-	-	47,849	-	-	22,800	70,649	-	-	-	70,649	-	-	-	70,649
Repairs and maintenance	7,104	9,331	13,690	3,030	34,765	6,106	74,026	21,488	366	21,854	95,880	17,153	45,742	-	158,775
Rent	129,722	185,383	309,934	57,975	177,364	74,877	935,255	149,433	12,320	161,753	1,097,008	-	-	-	1,097,008
Utilities	3,889	7,996	20,253	2,015	37,330	7,042	78,525	1,937	-	1,937	80,462	37,179	29,293	-	146,934
Program expenses	2,484	8,179	42	-	238,833	-	249,538	1,460	465	1,925	251,463	-	-	-	251,463
Stipends	150	14,898	92	-	26,264	332	41,736	530	-	530	42,266	-	-	-	42,266
Day care provider payments	894,774	-	-	-	-	-	894,774	-	-	-	894,774	-	-	-	894,774
Office expenses	12,171	13,117	10,038	1,003	29,352	7,464	73,145	18,706	562	19,268	92,413	3,420	-	-	95,833
Postage	1,263	4,162	5,311	726	24,138	1,215	36,815	252	-	252	37,067	148	-	-	37,215
Telephone	5,491	7,195	23,730	899	34,152	6,392	77,859	4,219	782	5,001	82,860	362	-	-	83,222
Subcontract material and labor	-	-	-	-	7,553,874	-	7,553,874	-	-	-	7,553,874	-	-	-	7,553,874
Insurance	2,659	1,728	16,053	1,333	80,947	3,077	105,797	2,040	907	2,947	108,744	15,788	12,108	-	136,640
Meetings, conferences and training	50	-	4,122	-	30,064	80	34,316	4,502	-	4,502	38,818	-	-	-	38,818
Travel	542	232	1,470	772	14,395	1,531	18,942	5,250	-	5,250	24,192	-	-	-	24,192
Client Travel	9,503	8,129	603	557	-	992	19,784	749	-	749	20,533	-	-	-	20,533
Printing and publications	862	2,366	3,600	-	26,270	1,834	34,932	-	-	-	34,932	-	-	-	34,932
Equipment repair and leasing	7,219	8,648	18,767	2,067	27,011	5,868	69,580	22,402	896	23,298	92,878	-	-	-	92,878
Books and subscriptions	-	-	10,483	-	1,407	214	12,104	1,816	-	1,816	13,920	-	-	-	13,920
Partnership management fees	-	-	-	-	-	-	-	-	-	-	-	15,412	11,459	11,459	38,330
Property management fees	-	-	-	-	-	-	-	-	-	-	-	-	7,603	-	7,603
Interest	-	-	-	-	-	-	-	-	-	-	-	-	11,906	-	11,906
Performance-based contract expenses	-	-	-	-	-	-	-	140,853	-	140,853	140,853	-	-	-	140,853
Other costs	13,454	1,949	3,398	866	25,441	742	45,850	37,210	652	37,862	83,712	6,460	10,086	(45)	100,213
Total expenses before depreciation and amortization	1,993,005	1,328,716	2,121,702	407,947	9,686,492	836,030	16,373,892	1,711,280	139,476	1,850,756	18,224,648	125,828	139,813	11,414	18,501,703
Depreciation and amortization	3,773	2,422	3,867	744	17,655	1,524	29,985	3,144	255	3,399	33,384	62,909	26,177	-	122,470
Total expenses	1,996,778	1,331,138	2,125,569	408,691	9,704,147	837,554	16,403,877	1,714,424	139,731	1,854,155	18,258,032	188,737	165,990	11,414	18,624,173
Eliminations	-	-	-	-	(6,000)	-	(6,000)	-	-	-	(6,000)	-	(11,459)	-	(17,459)
Consolidated Total Expenses	\$ 1,996,778	\$ 1,331,138	\$ 2,125,569	\$ 408,691	\$ 9,698,147	\$ 837,554	\$ 16,397,877	\$ 1,714,424	\$ 139,731	\$ 1,854,155	\$ 18,252,032	\$ 188,737	\$ 154,531	\$ 11,414	\$ 18,606,714

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Principles of Consolidation - The consolidated financial statements include the accounts of Northern Manhattan Improvement Corporation ("NMIC"), NMIC Lead Safe House HDFC ("LSH"), 453 West 166th Street Housing Development Fund Corporation ("453 West HDFC"), 453 West 166th Street Limited Partnership ("453 West"), and NMIC West 166th Street Owner's Corporation ("Ownership Corp.") (collectively referred to as the "Organization"). NMIC Lead Safe House, 453 West 166th Street Housing Development Fund Corporation and 453 West 166th Street Limited Partnership are subject to control on a basis other than ownership of voting interests and are referred to as variable interest entities ("VIEs"). Subsidiaries that are less than 100% but more than 50% owned and VIEs for which NMIC is the primary beneficiary, are consolidated, with the unowned net assets reflected as a non-controlling interest. As further discussed below, NMIC West 166th Street Owner's Corporation is a wholly owned subsidiary of 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.

The accounts of 453 West HDFC are consolidated as of December 31 due to the time needed to consolidate this entity. No events occurred related to 453 West HDFC in June 2012 and 2011 that materially affected its consolidated financial position, results of operations, or cash flows.

Nature of the Organizations - 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 better 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.

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

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

453 West HDFC is a not-for-profit organization incorporated in June 2012 under the laws of the State of New York for the purpose of developing, owning, rehabilitating, leasing, managing and maintaining an affordable housing project for persons of low-income. Ownership of this housing project was transferred to 453 West HDFC from 453 West on June 29, 2012.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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. Owner's Corporation is the general partner of 453 West (1% ownership) and the wholly owned subsidiary of NMIC.

453 West operated until the occurrence of the earliest of any one or more of the following dates or events: December 31st or the forty-first calendar year after 1991, the date of the Articles or Limited Partnership; the unanimous agreement of the General Partner and the Limited Partner to terminate; the withdrawal, removal, bankruptcy, dissolution, death, or incapacity of the last surviving general partner of the 453 West, unless a substitute general partner is appointed; the sale, exchange, or involuntary conversion of all, or substantially all, of 453 West's non-cash assets. Owner's Corporation, as general partner shall have full responsibility and exclusive and complete discretion in the management and control of the business and affairs of 453 West. Income and losses are allocated 1% to Owner's Corporation and 99% to the Limited Partner, New York Equity Fund 1990 L.P. The Partnership Agreement provides for various obligations of Owner's Corporation, including the obligation to provide funds in excess of the operating reserve for operating deficits. Owner's Corporation is entitled to an incentive management fee in the amount of 1/3 of the surplus operating reserve over the target amount as stated in the Funding and Disbursement Agreement. No fees were earned for the years ended December 31, 2011 and 2010.

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

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

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

Support and Revenues:

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

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

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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, 2012 and 2011.

Permanently Restricted: Amounts received that are to be held in perpetuity are reported as permanently restricted support that increases that net asset class. The Organization had no permanently restricted net assets as of June 30, 2012 and 2011.

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

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

Fixed assets are recorded at cost. 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

Impairment of Long-Lived Assets - Management evaluates all long-lived assets for impairment. Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying amount is not fully recoverable, an impairment loss is recognized to reduce the carrying amount to fair value, and is charged to expense in the period of impairment. Management determined that there were no impairment losses recognized 2012 and 2011.

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

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

Income Taxes - NMIC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal 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.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Other significant tax positions include its determination of whether any amounts are subject to unrelated business income tax (UBIT). Management has determined that NMIC had no activities subject to UBIT in the years ended June 30, 2012 and 2011. All significant tax positions have been considered by management and it has been determined that all tax positions would be sustained upon examination by taxing authorities.

LSH and 453 West HDFC are type D not-for-profit corporations as defined in Section 102(a)(5) of the not-for-profit corporation law of the State of New York. LSH and 453 West HDFC are treated as for-profit corporations for federal income tax purposes but are exempt from New York State and New York City income taxes.

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

Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition. The Organization is no longer subject to audits by the applicable taxing jurisdictions for periods prior to 2008.

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.

Contributed Services - During the year ended June 30, 2012, NMIC received \$58,615 in contributed services in support of its Workforce and Adult Education programs.

Subsequent Events - Management of the Organization has reviewed and evaluated all events and transactions from June 30, 2012 through October 8, 2012, the date the financial statements were available for issuance. The effects of those events and transactions that provide additional pertinent information about conditions that existed at the statement of financial position date have been recognized in the accompanying consolidated financial statements.

Note 2 - Transfer of Ownership Interest in 453 West LP to 453 West HDFC:

On June 29, 2012 ownership interest in the 453 West 166th Street Limited Partnership (453 West) was conveyed to 453 West 166th Street Housing Development Fund Corporation (453 West HDFC). As part of this transaction, the Article VIII mortgage of \$952,444 was transferred to 453 West HDFC, with interest at 1% per annum to be computed beginning January 2014. The mortgage matures in September 2021. The New York City Housing Development Corporation and the City of New York, Department of Housing, Preservation and Development also issued non-interest bearing loans of \$75,603 and \$65,726, both maturing on January 1, 2044 to finance additional capital improvements to the property.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 - Summary of Grant/Contract Funding:

The following summarizes NMIC's grant/contract support for the year ended June 30, 2012:

Grantor/Funding Source	Grant/ Contract Period	Total Grant/ Contract	Recognized Support
New York State Office of Temporary and Disability Assistance			
- Homelessness Prevention Program	04/01/09-09/30/11	\$ 411,721	\$ 40,945
- Food Stamps Employment and Training Venture	10/01/11-09/30/12	300,000	103,250
			<u>144,195</u>
New York State Homes and Community Renewal			
- Neighborhood Preservation Program	07/01/09-06/30/12	275,203	55,159
- Weatherization Assistance Program	04/01/11-06/30/12	3,776,859	3,479,129
- Weatherization Assistance Program	07/01/09-03/31/12	15,137,385	6,411,316
			<u>9,945,604</u>
The State Education Department			
- Adult Education	07/01/11-06/30/12	518,315	518,315
- Adult Education/Civics	07/01/11-06/30/12	350,082	350,082
- Adult Education/Literacy Zone	07/01/11-06/30/12	324,485	324,485
			<u>1,192,882</u>
New York State Department of Health			
- Lead Safe House Program	07/01/11-06/30/12	38,861	38,861
- Child and Adult Care Food Program	10/01/11-09/30/12		336,927
	10/01/10-09/30/11		116,457
			<u>492,245</u>
New York State Department of State			
- Community Services Block Grant	10/01/10-09/30/11	30,000	7,500
	12/01/11-09/30/12	100,000	70,000
			<u>77,500</u>
New York State Energy Research and Development Authority			
	03/10/11-05/31/12	50,000	31,040
	07/01/11-06/30/12	48,261	48,261
	05/01/12-06/30/12	11,252	11,219
			<u>90,520</u>

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 - Summary of Grant/Contract Funding: (Continued)

Grantor/Funding Source	Grant/ Contract Period	Total Grant/ Contract	Recognized Support
City of New York - Department of Homeless Services			
- Anti-Eviction Legal Services	07/01/11-06/30/12	\$ 203,727	\$ <u>203,727</u>
City of New York - Administration for Children's Services			
- Day Care	07/01/11-06/30/12	789,227	<u>620,211</u>
City of New York - Department of Housing, Preservation & Development			
- Anti-Illegal Eviction and SRO Legal Services	07/01/11-06/30/12	114,409	114,409
- Family Self Sufficiency	04/01/11-03/31/12	246,604	102,474
- Family Self Sufficiency	04/01/12-03/31/13	146,605	30,930
- Neighborhood Preservation Consultant	01/01/09-12/31/11	480,000	56,858
- Neighborhood Preservation Consultant	01/01/12-06/30/13	165,933	52,348
- Housing Preservation Initiative	07/01/11-06/30/12	50,000	<u>50,000</u>
			<u>407,019</u>
City of New York - Department of Youth and Community Development			
- Immigrant Opportunity Initiative	07/01/11-06/30/12	23,138	23,138
- Neighborhood Development Area	07/01/11-06/30/12	113,776	113,776
- NDA-Immigrants	07/01/11-06/30/12	107,023	107,023
- Domestic Violence	07/01/11-06/30/12	146,909	146,909
-Pre- GED-Internship	07/01/11-06/30/12	175,000	174,973
-City Council /Discretionary	07/01/11-06/30/12	30,000	30,000
-Young Adult Internship Program	09/01/11-06/30/12	216,600	<u>216,600</u>
			<u>812,419</u>

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 - Summary of Grant/Contract Funding: (Continued)

Grantor/Funding Source	Grant/Contract Period	Total Grant/ Contract	Recognized Support
MFY Legal Services	07/01/11-06/30/12	\$ 116,820	\$ 116,820
MFY Assigned Counsel Programs	07/01/11-06/30/12	136,000	129,200
			<u>246,020</u>
City of New York - Criminal Justice Coordinator's Office	07/01/11-06/30/12	239,674	<u>239,674</u>
United Way of New York City			
- Emergency Food and Shelter Program	12/01/10-11/30/11	61,000	61,000
- FCAP	07/01/11-10/31/11	15,750	15,750
			<u>76,750</u>
New York State Office of Children and Family Services	06/01/11-05/31/12	75,000	72,635
	06/01/12-05/31/12	39,228	2,600
			<u>75,235</u>
Non-Profit Assistance Corporation - SEEDCO			
- HUD	10/01/10-09/30/11	62,915	15,729
- Fatherhood Program	09/30/11-09/29/12	348,217	187,008
- Facilitated Enrollment	01/01/12-12/31/12	155,719	69,650
- Facilitated Enrollment	01/01/11-12/31/11	110,000	55,000
- Career Pathway Program	02/01/11-01/31/12	250,000	132,000
- Career Pathway Program	02/01/12-01/31/13	179,000	82,833
- Back to Work	07/01/11-06/30/12	489,524	442,134
- CHIPRA	07/01/11-06/30/12	15,000	15,000
			<u>999,354</u>

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 - Summary of Grant/Contract Funding: (Continued)

Grantor/Funding Source	Grant/Contract Period	Total Grant/ Contract	Recognized Support
New York State Division of Criminal Justice	04/01/11-03/31/12	\$ 86,580	\$ 86,580
The Office of the Court Administration NYS	06/22/11-03/31/12	380,000	380,000
	04/01/12-03/31/13	646,000	140,000
			<u>520,000</u>
Hunger Solutions of New York, Inc.	07/01/11-06/30/12	73,500	<u>73,500</u>

Other Funds:

Interest on Lawyer Account Fund of the
State of New York
- Legal Services

	04/01/11-03/31/12	630,000	472,499
	04/01/12-03/31/13	630,000	157,501
JP Morgan Chase - Manhattan	2012	25,000	25,000
The M&T Charitable Foundation	2012	5,000	5,000
Bank of Tokyo - Mitsubishi UFJ	2012	5,000	5,000
The Consortium for Worker Education	07/01/11-06/30/12	75,000	69,800
	07/01/11-06/30/12	40,402	40,402
The Merck Childhood Asthma Network, Inc.	07/01/11-06/30/12	95,144	95,144
HSBC Bank	07/01/11-06/30/12	6,000	6,000
Capital One	2012	10,000	10,000
Metlife	2012	30,000	30,000
Neuberger Berman Foundation	2012	10,127	10,127
Ridgewood Savings Bank	2012	1,000	1,000
van Ameringen Foundation	11/09/10-12/15/12	100,000	50,000
Robin Hood Foundation			
Single Stop, USA, Inc.	07/01/11-06/30/12	320,000	320,000
Lily Aunchinclos Foundation	2012	15,000	15,000

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 - Summary of Grant/Contract Funding: (Continued)

Grantor/Funding Source	Grant/Contract Period	Total Grant/ Contract	Recognized Support
City of New York Boro President			
- Department of Health & Mental Hygiene	07/01/11-06/30/12	\$ 5,000	\$ 5,000
CAMBA			
- Legal Services	04/01/11-03/31/12	36,000	36,000
DoVE Safe Horizon, Inc.	07/01/11-06/30/12	79,257	79,257
Oak Foundation	10/01/10-09/30/14	450,000	150,000
United Neighborhood Houses/Russell Grinnell	2012	5,000	5,000
Foundation	2013	5,000	648
Patrina Foundation	2012	5,000	5,000
Community Service Society of New York	11/01/11-08/14/12	60,000	53,333
Mission of Peace	10/01/11-09/30/12	61,000	45,750
			<u>1,692,461</u>
Total All Funds			<u>\$ 17,995,896</u>

As displayed on pages 12 to 16, approximately 87% of NMIC's grant/contract funding was provided by nine funding sources: The New York State Department of Health, the New York State Homes 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, City of New York, Department of Youth and Community Development, City of New York Department of Housing, Preservation and Development and the Office of the Court Administration NYS.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Grants and Contracts Receivable:

Grants and contracts receivable is comprised of the following:

	June 30,	
	2012	2011
City of New York - Department of Homeless Services	\$ 1,488	\$ 258,877
New York State Department of Health	96,312	101,293
New York State Office of Temporary and Disability Assistance	38,500	40,794
The State Education Department	314,468	238,205
City of New York - Criminal Justice Coordinator's Office	2,400	239,674
City of New York - Department of Youth and Community Development	72,223	67,342
City of New York - Department of Housing, Preservation & Development	100,029	192,864
Interest on Lawyer Account Fund of the State of New York	157,500	157,500
Non-Profit Assistance Corporation - SEEDCO	300,913	275,766
New York State Energy Research and Development Authority	27,174	-
Community Service Society of New York	21,754	-
DoVE Safe Horizon, Inc	79,257	86,541
United Way of New York City	-	11,928
New York State Homes and Community Renewal	2,130,840	1,599,025
Robin Hood Foundation	-	106,000
New York State Office of Children and Family Services	18,221	38,481
The Consortium for Worker Education	61,441	55,405
MFY Legal Services	118,178	65,952
New York State Unified Court System	160,000	20,000
Hunger Solutions of New York, Inc.	37,308	-
New York State Department of State	45,000	60,642
Others	121,927	105,265
	<u>\$ 3,904,933</u>	<u>\$ 3,721,554</u>

Note 5 - Restricted Deposits and Funded Reserves:

As part of the transfer of ownership interest in the 453 West LP to 453 West HDHC, an amended regulatory agreement entered into between 453 West HDHC and the City of New York, requires 453 West HDHC to maintain certain escrow deposits and reserves. The reserves were previously maintained by 453 West LP under the terms of the original regulatory agreement. (See note 2)

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6 - Prepaid Expenses:

Prepaid expenses are comprised of the following:

	June 30,	
	2012	2011
NMIC:		
Insurance	\$ 38,325	\$ 23,804
Transit Checks	38,501	90,173
Transfer of WAP expenses into 2012 program year	-	156,699
Other	14,410	19,265
Sub-total	91,236	289,941
Water and Sewer - NMIC Lead Safe House	-	13,024
	<u>\$ 91,236</u>	<u>\$ 302,965</u>

Note 7 - Property and Equipment:

Property and equipment is comprised of the following:

	June 30,	
	2012	2011
Land - NMIC Lead Safe House HDLC	\$ 1	\$ 1
Building - NMIC Lead Safe House HDLC	1,730,600	1,730,600
Land - 453 West HDLC/453 West LP	650	650
Building - 453 West HDLC/453 West LP	245,939	245,939
Equipment - 453 West HDLC/453 West LP	12,411	12,411
Furniture and equipment- NMIC	65,976	65,976
Vehicles- NMIC	73,380	73,380
Leasehold improvements- NMIC	128,099	128,099
	<u>2,257,056</u>	<u>2,257,056</u>
Less: Accumulated depreciation and amortization	<u>1,063,017</u>	<u>962,474</u>
	<u>\$ 1,194,039</u>	<u>\$ 1,294,582</u>

Depreciation and amortization expenses totaled \$100,758 and \$122,470 for the years ended June 30, 2012 and 2011, respectively.

Note 8 - Accrued Vacation Payable:

The liability for vacations earned but not taken has been charged to operations. Accrued vacation totaled \$200,253 and \$172,609 as of June 30, 2012 and 2011, respectively.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 - 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,	
	2012	2011
New York State Homes and Community Renewal		
- Weatherization	\$ 380,245	\$ 566,529
Oak Foundation	37,500	37,500
JP Morgan Chase	-	25,000
Patrina Foundation	5,000	-
EHA Foundation	4,352	-
Others	250	20,000
	<u>\$ 427,347</u>	<u>\$ 649,029</u>

Note 10 - Commitment and Contingency:

Commitment:

NMIC leases office space at 76 Wadsworth Avenue, New York, New York under an operating lease through December 2012 at a monthly rent of \$80,325. In July 2012, NMIC signed a lease agreement for a new space commencing in January 2013 and terminating on December 31, 2045. Annual rent is for \$1,242,000 and increases by 2% throughout the lease term. The agreement provides for two renewal options of 8 years each option. Rent commitment as of June 30, 2012 is as follows:

	June 30,
2013	\$ 1,102,950
2014	1,254,420
2015	1,279,509
2016	1,305,099
2017	1,331,201
2018 and thereafter	51,479,043
	<u>\$ 57,752,222</u>

Rent expense for the years ended June 30, 2012 and 2011 totaled \$1,126,345 and \$1,097,008.

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 Limited Partnership. (a limited partnership) up until June 29, 2012 when the ownership interest of the limited partnership was transferred to 453 West HDFC. NMIC, as sponsor of 453 West LP, has guaranteed the performance of the general partner's obligations under the Partnership Agreement.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11 - Mortgage Payable:

Mortgage payable as of June 30, 2012 and 2011 consisted of the following:

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

NMIC Lead Safe House:

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

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

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

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

453 West and 453 West HDFC

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 and maturing in 2021. In addition, a non-interest bearing loan of \$88,000 was borrowed pursuant to Section 17 of the United States Housing Act of 1937. The HDC portion is payable interest and service fees only in equal monthly installments of \$992.

As part of the transfer of ownership interest in the 453 West to 453 West HDFC, a mortgage note amendment was entered into between the City of New York, Department of Housing and Preservation Development and 453 West HDFC for the Article VIII loan of \$952,444 and the Section 17 loan of \$88,000 was deemed satisfied. Two new loans for \$75,603 and \$65,726 were also made to finance additional capital improvements to the property (see Note 2).

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 12 - Unrestricted Net Assets - Designated by Board:

The Board has designated \$900,000 of unrestricted net assets for a building fund as of June 30, 2012 and 2011.

Note 13 - Related Party Transaction:

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

Note 14 - 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 \$446,536 and \$290,979 for the years ended June 30, 2012 and 2011, respectively, which represents NMIC's contributions to this plan.

Note 15 - Line-of-Credit:

NMIC has a \$500,000 line-of-credit with a bank which bears interest based on LIBOR. The line of credit expires in May 28, 2013. NMIC did not draw down any funds during the years ended June 30, 2012 and 2011.

Note 16 - Variable Interest Entities (VIE):

LSH, 453 West HDFC and 453 West are considered VIE's and are consolidated with NMIC. Two members of the Board of Directors of LSH are members of the Board of NMIC and LSH also leases space for storage and apartments to NMIC. NMIC, prior to June 29, 2012 owned 1% of 453 West and also guaranteed approximately \$97,000 of 453 West's debts. All board members of 453 West HDFC are members of the board of NMIC.

NMIC paid \$6,000 to LSH for the rental of storage space for the years ended June 30, 2012 and 2011 and these amount were eliminated in consolidation.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 16 - Variable Interest Entities (VIE): (Continued)

Selected financial information regarding NMIC's VIE is as follows:

	LSH June 30, 2012	453 West HDFC June 30, 2012
Total Assets	\$ 1,267,657	\$ 316,113
Total Liabilities	1,791,415	1,174,276
Net Deficit	(523,758)	(858,163)
Revenues	140,322	-
Change in Net Assets	(55,346)	-

	LSH June 30, 2011	453 West June 30, 2011
Total Assets	\$ 1,320,283	\$ 337,497
Total Liabilities	1,788,695	1,138,387
Net Deficit	(468,412)	(800,890)
Revenues	174,320	101,550
Change in Net Assets	(14,417)	(64,440)

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

ASSETS	Consolidated	Eliminations	Northern Manhattan Improvement Corporation	Non-Controlling Interest			NMIC West 166th Street Owner's Corporation
				NMIC Lead Safe House HDFC	453 West 166th Street HDFC	453 West 166th Street LP	
CURRENT ASSETS:							
Cash and equivalents	\$ 3,477,395	\$ -	\$ 3,232,119	\$ 244,928	\$ -	\$ -	\$ 348
Cash - client escrow	41,775	-	41,775	-	-	-	-
Grants and contracts receivable	3,904,933	-	3,904,933	-	-	-	-
Due from 453 West 166th Street, L.P.	-	(124,987)	24,086	9,975	-	-	90,926
Due from NMIC West 166 Street Owner's Corporation	-	(4,302)	4,302	-	-	-	-
Due from Northern Manhattan Improvement Corporation	-	(1,732)	-	-	1,732	-	-
Prepaid expenses	91,236	-	91,236	-	-	-	-
Other receivables	78,832	-	74,875	-	3,957	-	-
Total Current Assets	<u>7,594,171</u>	<u>(131,021)</u>	<u>7,373,326</u>	<u>254,903</u>	<u>5,689</u>	<u>-</u>	<u>91,274</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES:							
Tenant Security Deposits	5,634	-	-	-	5,634	-	-
Reserves and Mortgage Escrows	116,786	-	-	-	116,786	-	-
Total Restricted Deposits and Funded Reserves	<u>122,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,420</u>	<u>-</u>	<u>-</u>
PROPERTY AND EQUIPMENT, NET	<u>1,194,039</u>	<u>-</u>	<u>-</u>	<u>1,012,754</u>	<u>181,285</u>	<u>-</u>	<u>-</u>
SECURITY DEPOSITS AND OTHER ASSETS	<u>96,470</u>	<u>-</u>	<u>89,751</u>	<u>-</u>	<u>6,719</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,007,100</u>	<u>\$ (131,021)</u>	<u>\$ 7,463,077</u>	<u>\$ 1,267,657</u>	<u>\$ 316,113</u>	<u>\$ -</u>	<u>\$ 91,274</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES:							
Accounts payable and accrued expenses	\$ 3,993,252	\$ (35,793)	\$ 3,936,419	\$ 55,354	\$ 37,272	\$ -	\$ -
Client escrow payable	41,775	-	41,775	-	-	-	-
Accrued vacation payable	200,253	-	200,253	-	-	-	-
Refundable advances	427,347	-	427,347	-	-	-	-
Other Liabilities	76,231	-	-	5,461	5,634	-	65,136
Due to NMIC West 166th St. Owners' Corporation	-	(90,926)	-	-	90,926	-	-
Due to Northern Manhattan Improvement Corporation	-	(4,302)	-	-	-	-	4,302
Investment in Limited Partnership	-	(288,073)	-	-	-	-	288,073
Total Current Liabilities	<u>4,738,858</u>	<u>(419,094)</u>	<u>4,605,794</u>	<u>60,815</u>	<u>133,832</u>	<u>-</u>	<u>357,511</u>
MORTGAGE PAYABLE	<u>2,771,044</u>	<u>-</u>	<u>-</u>	<u>1,730,600</u>	<u>1,040,444</u>	<u>-</u>	<u>-</u>
COMMITMENT AND CONTINGENCY							
NET ASSETS:							
Deficit	(266,237)	-	-	-	-	-	(266,237)
Unrestricted net assets - controlling interest:							
Operations, designated by Board	900,000	-	900,000	-	-	-	-
Operations, undesignated	1,957,283	-	1,957,283	-	-	-	-
Total Unrestricted Net Assets - controlling interest	2,591,046	-	2,857,283	-	-	-	(266,237)
Unrestricted net assets - noncontrolling interest:	(1,093,848)	288,073	-	(523,758)	(858,163)	-	-
Total Net Assets	<u>1,497,198</u>	<u>288,073</u>	<u>2,857,283</u>	<u>(523,758)</u>	<u>(858,163)</u>	<u>-</u>	<u>(266,237)</u>
	<u>\$ 9,007,100</u>	<u>\$ (131,021)</u>	<u>\$ 7,463,077</u>	<u>\$ 1,267,657</u>	<u>\$ 316,113</u>	<u>\$ -</u>	<u>\$ 91,274</u>

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2011

ASSETS	Consolidated	Eliminations	Northern Manhattan Improvement Corporation	Non-Controlling Interest		NMIC West 166th Street Owner's Corporation
				NMIC Lead Safe House HDFC	453 West 166th Street LP	
CURRENT ASSETS:						
Cash and equivalents	\$ 4,279,931	\$ -	\$ 4,051,684	\$ 221,621	\$ 6,224	\$ 402
Cash - client escrow	23,325	-	23,325	-	-	-
Grants and contracts receivable	3,721,554	-	3,721,554	-	-	-
Due from 453 West 166th Street, L.P.	-	(99,968)	12,224	9,975	-	77,769
Due from NMIC West 166 Street Owner's Corporation	-	(4,324)	4,324	-	-	-
Due from Northern Manhattan Improvement Corporation	-	(1,732)	-	-	1,732	-
Prepaid expenses	302,965	-	289,941	13,024	-	-
Other receivables	22,554	-	21,658	-	896	-
Total Current Assets	<u>8,350,329</u>	<u>(106,024)</u>	<u>8,124,710</u>	<u>244,620</u>	<u>8,852</u>	<u>78,171</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES:						
Tenant Security Deposits	5,432	-	-	-	5,432	-
Reserves and Mortgage Escrows	109,089	-	-	-	109,089	-
Total Restricted Deposits and Funded Reserves	<u>114,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,521</u>	<u>-</u>
PROPERTY AND EQUIPMENT, NET	<u>1,294,582</u>	<u>-</u>	<u>11,729</u>	<u>1,075,663</u>	<u>207,190</u>	<u>-</u>
SECURITY DEPOSITS AND OTHER ASSETS	<u>63,530</u>	<u>-</u>	<u>56,596</u>	<u>-</u>	<u>6,934</u>	<u>-</u>
	<u>\$ 9,822,962</u>	<u>\$ (106,024)</u>	<u>\$ 8,193,035</u>	<u>\$ 1,320,283</u>	<u>\$ 337,497</u>	<u>\$ 78,171</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	\$ 4,271,632	\$ (23,931)	\$ 4,223,303	\$ 58,095	\$ 14,165	\$ -
Client escrow payable	19,586	-	19,586	-	-	-
Accrued vacation payable	172,609	-	172,609	-	-	-
Refundable advances	649,029	-	649,029	-	-	-
Other Liabilities	57,966	-	-	-	6,009	51,957
Due to NMIC West 166th St. Owners' Corporation	-	(77,769)	-	-	77,769	-
Due to Northern Manhattan Improvement Corporation	-	(4,324)	-	-	-	4,324
Investment in Limited Partnership	-	(287,500)	-	-	-	287,500
Total Current Liabilities	<u>5,170,822</u>	<u>(393,524)</u>	<u>5,064,527</u>	<u>58,095</u>	<u>97,943</u>	<u>343,781</u>
MORTGAGE PAYABLE	<u>2,771,044</u>	<u>-</u>	<u>-</u>	<u>1,730,600</u>	<u>1,040,444</u>	<u>-</u>
COMMITMENT AND CONTINGENCY						
NET ASSETS:						
Deficit	(265,610)	-	-	-	-	(265,610)
Unrestricted net assets - controlling interest:						
Operations, designated by Board	900,000	-	900,000	-	-	-
Operations, undesignated	<u>2,228,508</u>	<u>287,500</u>	<u>2,228,508</u>	<u>-</u>	<u>(287,500)</u>	<u>-</u>
Total Unrestricted Net Assets - controlling interest	<u>2,862,898</u>	<u>287,500</u>	<u>3,128,508</u>	<u>-</u>	<u>(287,500)</u>	<u>(265,610)</u>
Unrestricted net assets - noncontrolling interest:	<u>(981,802)</u>	<u>-</u>	<u>-</u>	<u>(468,412)</u>	<u>(513,390)</u>	<u>-</u>
Total Net Assets	<u>1,881,096</u>	<u>287,500</u>	<u>3,128,508</u>	<u>(468,412)</u>	<u>(800,890)</u>	<u>(265,610)</u>
	<u>\$ 9,822,962</u>	<u>\$ (106,024)</u>	<u>\$ 8,193,035</u>	<u>\$ 1,320,283</u>	<u>\$ 337,497</u>	<u>\$ 78,171</u>

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

			Northern Manhattan Improvement Corporation	Non-Controlling Interest			NMIC West 166th Street Owner's Corporation
	Consolidated	Eliminations		NMIC Lead Safe House HDFC	453 West 166th Street HDFC	453 West 166th Street LP	
SUPPORT AND REVENUES:							
Support:							
Grants and contracts	\$ 17,995,896	\$ -	\$ 17,995,896	\$ -	\$ -	\$ -	\$ -
Contributions	24,162	-	24,162	-	-	-	-
Contributed services	58,615	-	58,615	-	-	-	-
	<u>18,078,673</u>	<u>-</u>	<u>18,078,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues:							
Program income	347,095	-	347,095	-	-	-	-
Attorney fees	34,228	-	34,228	-	-	-	-
Partnership Management Fees	-	(12,032)	-	-	-	-	12,032
Rental income	277,039	(6,000)	48,344	140,322	-	94,373	-
Developer fees	259,235	-	259,235	-	-	-	-
Interest income	7,054	-	3,523	-	-	3,496	35
Other income (loss)	887	573	-	-	-	1,000	(686)
	<u>925,538</u>	<u>(17,459)</u>	<u>692,425</u>	<u>140,322</u>	<u>-</u>	<u>98,869</u>	<u>11,381</u>
Total Support and Revenues	<u>19,004,211</u>	<u>(17,459)</u>	<u>18,771,098</u>	<u>140,322</u>	<u>-</u>	<u>98,869</u>	<u>11,381</u>
EXPENSES:							
Program services	16,828,219	(6,000)	16,834,219	-	-	-	-
Support services	2,208,104	-	2,208,104	-	-	-	-
NMIC Lead Safe House HDFC	195,668	-	-	195,668	-	-	-
453 West 166th Street LP	144,110	(12,032)	-	-	-	156,142	-
NMIC West 166th Street Owner's Corporation	12,008	-	-	-	-	-	12,008
Total Expenses	<u>19,388,109</u>	<u>(18,032)</u>	<u>19,042,323</u>	<u>195,668</u>	<u>-</u>	<u>156,142</u>	<u>12,008</u>
CHANGE IN NET ASSETS	(383,898)	573	(271,225)	(55,346)	-	(57,273)	(627)
LOSSES ALLOCATED TO NONCONTROLLING INTEREST	112,046	-	-	55,346	-	56,700	-
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	(271,852)	573	(271,225)	-	-	(573)	(627)
NET ASSETS, BEGINNING OF YEAR - CONTROLLING INTEREST	2,862,898	287,500	3,128,508	-	-	(287,500)	(265,610)
TRANSFER TO NON-CONTROLLING INTEREST	-	(288,073)	-	-	-	288,073	-
NET ASSETS, END OF YEAR - CONTROLLING INTEREST	<u>\$ 2,591,046</u>	<u>\$ -</u>	<u>\$ 2,857,283</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (266,237)</u>

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2011

	Consolidated	Eliminations	Northern Manhattan Improvement Corporation	Non-Controlling Interest		NMIC West 166th Street Owner's Corporation
				NMIC Lead Safe House HDFC	453 West 166th Street LP	
SUPPORT AND REVENUES:						
Support:						
Grants and contracts	\$ 18,013,547	\$ -	\$ 18,013,547	\$ -	\$ -	\$ -
Contributions	31,252	-	31,252	-	-	-
	<u>18,044,799</u>	<u>-</u>	<u>18,044,799</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues (Losses):						
Program income	298,540	-	298,540	-	-	-
Attorney fees	81,237	-	81,237	-	-	-
Partnership management fees	-	(11,459)	-	-	-	11,459
Rental income	357,632	(6,000)	94,290	174,320	95,022	-
Developer fees	118,640	-	118,640	-	-	-
Interest income	5,577	-	1,651	-	3,887	39
Unrealized loss on investments	2,196	-	-	-	2,196	-
Other income (loss)	307	644	-	-	445	(782)
	<u>864,129</u>	<u>(16,815)</u>	<u>594,358</u>	<u>174,320</u>	<u>101,550</u>	<u>10,716</u>
Total Support and Revenues	<u>18,908,928</u>	<u>(16,815)</u>	<u>18,639,157</u>	<u>174,320</u>	<u>101,550</u>	<u>10,716</u>
OPERATING EXPENSES:						
Program services	16,397,877	(6,000)	16,403,877	-	-	-
Support services	1,854,155	-	1,854,155	-	-	-
NMIC Lead Safe House HDFC	188,737	-	-	188,737	-	-
453 West 166th Street LP	154,531	(11,459)	-	-	165,990	-
NMIC West 166th Street Owner's Corporation	11,414	-	-	-	-	11,414
Total Operating Expenses	<u>18,606,714</u>	<u>(17,459)</u>	<u>18,258,032</u>	<u>188,737</u>	<u>165,990</u>	<u>11,414</u>
CHANGE IN NET ASSETS	302,214	644	381,125	(14,417)	(64,440)	(698)
CHANGE IN NET ASSETS ALLOCATED TO NON-CONTROLLING INTEREST	<u>78,213</u>	<u>-</u>	<u>-</u>	<u>14,417</u>	<u>63,796</u>	<u>-</u>
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	380,427	644	381,125	-	(644)	(698)
NET ASSETS, BEGINNING OF YEAR - CONTROLLING INTEREST	<u>2,482,471</u>	<u>286,856</u>	<u>2,747,383</u>	<u>-</u>	<u>(286,856)</u>	<u>(264,912)</u>
NET ASSETS, END OF YEAR - CONTROLLING INTEREST	<u>\$ 2,862,898</u>	<u>\$ 287,500</u>	<u>\$ 3,128,508</u>	<u>\$ -</u>	<u>\$ (287,500)</u>	<u>\$ (265,610)</u>

See accompanying notes to consolidated financial statements.

**NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES
NEW YORK STATE HOMES AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE**

SCHEDULE IN SUPPORT OF PROGRAM COMPLIANCE

YEAR ENDED JUNE 30, 2012

Grant C092241/2009 Contract Period 07/01/2009 06/30/2012	Grant C091041/2011 Contract Period 04/01/2011 06/30/2012
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Completed Units Information

Total number of units contracted for	2,810	529
Total number of units completed per client files as of June 30, 2012	2,853	431
Total number of units certified as acceptable and complete by the New York State Homes and Community Renewal as of June 30, 2012	2,853	-

See accompanying notes to consolidated financial statements.

**NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES
NEW YORK STATE HOMES AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE
GRANT NUMBER C091041/2011
SCHEDULE OF ASSETS AND LIABILITIES**

YEAR ENDED JUNE 30, 2012

ASSETS

CURRENT ASSETS:

Cash	\$ -
Grant Receivable - NYS Homes and Community Renewal	1,425,033
Inventory	34,751
Due from Other Funds	<u>134,900</u>
	<u>\$ 1,594,684</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES -

Accounts payable	\$ 1,559,933
Due to Other Funds	<u>-</u>
	1,559,933

RESTRICTED NET ASSETS - INVENTORY

<u>34,751</u>
<u>\$ 1,594,684</u>

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NEW YORK STATE HOMES AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE - GRANT NUMBER C091041/2011

SCHEDULE OF ACCOUNTS PAYABLE
JUNE 30, 2012

<u>Invoice Date</u>	<u>Vendor</u>	<u>Amount</u>
05/31/12	A.S.K Construction, Inc.	\$ 4,952
05/24/12	A.S.K Construction, Inc.	2,610
05/24/12	A.S.K Construction, Inc.	80,212
05/24/12	A.S.K Construction, Inc.	146,204
06/27/12	A.S.K Construction, Inc.	5,354
06/30/12	A.S.K Construction, Inc.	3,652
06/30/12	A.S.K Construction, Inc.	68,388
06/30/12	A.S.K Construction, Inc.	44,035
06/30/12	A.S.K Construction, Inc.	3,110
06/30/12	A.S.K Construction, Inc.	112,060
06/30/12	A.S.K Construction, Inc.	203,540
06/30/12	A.S.K Construction, Inc.	61,453
06/30/12	A.S.K Construction, Inc.	36,348
06/29/12	Apartment House Supply	55
06/30/12	Apartment House Supply	539
06/30/12	Apartment House Supply	45
06/30/12	Apartment House Supply	76
06/30/12	Apartment House Supply	25
06/30/12	Apartment House Supply	52
06/30/12	Apartment House Supply	12
06/30/12	Apartment House Supply	18
06/30/12	Apartment House Supply	49
06/30/12	Apartment House Supply	14
06/30/12	Apartment House Supply	86
06/30/12	Apartment House Supply	650
06/30/12	Apartment House Supply	188
06/30/12	Apartment House Supply	2,094
06/30/12	Apartment House Supply	685
06/30/12	Apartment House Supply	1,025
06/30/12	Apartment House Supply	1,400
05/24/12	Association for Energy Affordability	25,625
05/24/12	Association for Energy Affordability	59,375
06/30/12	Brooklyn Heating Corp.	82,000
06/30/12	Brooklyn Heating Corp.	80,000
06/30/12	Brooklyn Heating Corp.	25,250

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NEW YORK STATE HOMES AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE - GRANT NUMBER C091041/2011

SCHEDULE OF ACCOUNTS PAYABLE
JUNE 30, 2012

<u>Invoice Date</u>	<u>Vendor</u>	<u>Amount</u>
06/30/12	Central Parking Systems	\$ 600
06/22/12	CSG Services, Inc.	2,322
06/26/12	CSG Services, Inc.	5,300
06/30/12	CSG Services, Inc.	8,050
06/30/12	EFI	493
06/30/12	EFI	274
06/30/12	EFI	291
06/30/12	EFI	296
04/30/12	Everyday Mechanical Corporation	13,899
03/31/12	Everyday Mechanical Corporation	25,000
06/30/12	Everyday Mechanical Corporation	75,400
06/30/12	Everyday Mechanical Corporation	71,500
06/30/12	Home Depot Credit Services	267
06/30/12	Klaigar, Inc.	1,326
06/27/12	IDC New Branch 5	2,878
05/31/12	IDC New Branch 5	4,809
02/28/12	Klaigar, Inc.	10,950
06/30/12	Nextel Communications	1,539
06/30/12	Riverdale Electrical Services, Inc.	683
06/30/12	Riverdale Electrical Services, Inc.	5,515
06/30/12	Riverdale Electrical Services, Inc.	566
06/30/12	Riverdale Electrical Services, Inc.	191
06/30/12	Riverdale Electrical Services, Inc.	66,672
06/30/12	Riverdale Electrical Services, Inc.	7,845
06/30/12	Riverdale Electrical Services, Inc.	4,966
06/30/12	Riverdale Electrical Services, Inc.	11,147
06/30/12	Riverdale Electrical Services, Inc.	13,899
06/30/12	Riverdale Electrical Services, Inc.	12,159
06/30/12	Riverdale Electrical Services, Inc.	18,489
06/30/12	Shell	110
04/30/12	SNS Energy Distribution Corporation	30,757
06/30/12	SNS Energy Distribution Corporation	48,000
06/30/12	SNS Energy Distribution Corporation	32,809
06/30/12	Social Enterprises, Inc.	1,000
06/18/12	Wiss and Company, LLP	28,750
	Total	<u>\$ 1,559,933</u>

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NEW YORK STATE HOMES AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE - GRANT NUMBER C091041/2011

SCHEDULE OF REVENUES AND EXPENDITURES

PROJECT PERIOD APRIL 1, 2011 TO JUNE 30, 2012

	(Unaudited) Budgeted Amount	Incurred Audit Ended 6/30/2011	Ended 6/30/2012	Total 4/1/2011 6/30/2012	Over (Under) Budget
REVENUES - GRANT INCOME	\$ 3,776,859	\$ -	\$ 3,479,129	\$ 3,479,129	\$ (270,621)
EXPENDITURES MATERIAL COSTS:					
Agency	32,581	-	21,856	21,856	(10,725)
Subcontracted	1,362,024	-	1,424,572	1,424,572	89,457
	<u>1,394,605</u>	<u>-</u>	<u>1,446,428</u>	<u>1,446,428</u>	<u>78,732</u>
LABOR COSTS:					
Agency Salaries and Fringes	606,113	-	572,288	572,288	(33,825)
Subcontracted	973,948	-	673,519	673,519	(299,024)
	<u>1,580,061</u>	<u>-</u>	<u>1,245,807</u>	<u>1,245,807</u>	<u>(332,849)</u>
PROGRAM SUPPORT:					
Building maintenance	18,000	-	20,182	20,182	2,182
Office supplies	25,000	-	31,089	31,089	6,089
Office space	134,000	-	173,593	173,593	39,593
Insurance/bonding	700	-	-	-	(700)
Warehouse	6,000	-	6,000	6,000	-
Weatherization tools/supplies	8,000	-	2,132	2,132	(5,868)
Utilities/fuel	18,000	-	23,764	23,764	5,764
Vehicle Insurance	10,500	-	5,672	5,672	(4,828)
Office furniture/equipment	3,000	-	10,402	10,402	7,402
Vehicle maintenance	9,000	-	13,719	13,719	4,719
Travel	15,000	-	3,870	3,870	(11,130)
Weatherization equipment	5,000	-	-	-	(5,000)
Staff development	5,000	-	5,750	5,750	750
Health and safety	2,000	-	608	608	(1,392)
Telecommunications	24,000	-	23,377	23,377	(623)
Postage and shipping	14,500	-	10,233	10,233	(4,267)
Advertising/ marketing	10,000	-	4,747	4,747	(5,253)
Printing and copying	23,000	-	18,272	18,272	(4,728)
Dues/fees	3,500	-	2,125	2,125	(1,375)
Energy audit	100,000	-	108,575	108,575	8,575
Other allowance	32,400	-	45,597	45,597	11,782
	<u>466,600</u>	<u>-</u>	<u>509,707</u>	<u>509,707</u>	<u>41,692</u>
LIABILITY INSURANCE	<u>68,000</u>	<u>-</u>	<u>56,033</u>	<u>56,033</u>	<u>(11,967)</u>
FINANCIAL AUDIT	<u>28,750</u>	<u>-</u>	<u>28,750</u>	<u>28,750</u>	<u>-</u>
TRAINING AND TECHNICAL ASSISTANCE	<u>50,000</u>	<u>-</u>	<u>18,447</u>	<u>18,447</u>	<u>(31,553)</u>
ADMINISTRATIVE COSTS:					
Salaries and fringe	150,839	-	172,798	172,798	23,249
Other allowance	38,004	-	1,159	1,159	(37,925)
	<u>188,843</u>	<u>-</u>	<u>173,957</u>	<u>173,957</u>	<u>(14,676)</u>
CAPITAL EQUIPMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>3,776,859</u>	<u>-</u>	<u>3,479,129</u>	<u>3,479,129</u>	<u>(270,621)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

**NEW YORK STATE HOMES AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE - GRANT NUMBER C091041/2011**

**SCHEDULE OF QUESTIONED COSTS
PROJECT PERIOD APRIL 1, 2011 TO JUNE 30, 2012**

NONE

See accompanying notes to consolidated financial statements.

**NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES
NEW YORK STATE HOMES AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE
GRANT NUMBER C092241/2011
SCHEDULE OF ASSETS AND LIABILITIES**

YEAR ENDED JUNE 30, 2012

ASSETS

CURRENT ASSETS:

Cash	\$ -
Grant Receivable - NYS Homes and Community Renewal	705,807
Inventory	-
Due from Other Funds	<u>26,378</u>
	<u>\$ 732,185</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES -

Accounts payable	\$ 732,185
Due to Other Funds	<u>-</u>
	732,185

RESTRICTED NET ASSETS

<u>-</u>
<u>\$ 732,185</u>

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NEW YORK STATE HOMES AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE - GRANT NUMBER C092241/2011

SCHEDULE OF ACCOUNTS PAYABLE
JUNE 30, 2012

<u>Invoice Date</u>	<u>Vendor</u>	<u>Amount</u>
01/31/12	A & C Heating Services, Inc.	\$ 20,000
12/01/11	A & C Heating Services, Inc.	21,261
02/29/12	A.S.K Construction, Inc.	7,837
02/29/12	A.S.K Construction, Inc.	11,462
02/29/12	A.S.K Construction, Inc.	11,501
03/14/12	A.S.K Construction, Inc.	31,605
03/31/12	A.S.K Construction, Inc.	31,500
02/29/12	A.S.K Construction, Inc.	100,371
03/31/12	A.S.K Construction, Inc.	3,135
09/29/11	Consolidated Environmental, Inc.	34,463
06/23/11	Klairgar, Inc.	188,169
03/31/12	Riverdale Electrical Services, Inc.	110,206
02/29/12	Riverdale Electrical Services, Inc.	112,248
01/31/11	SNS Energy Distribution Corporation	7,941
12/01/11	SNS Energy Distribution Corporation	10,000
03/14/12	SNS Energy Distribution Corporation	3,156
03/30/12	SNS Organization	12,480
12/28/11	Wiss & Company, LLP	<u>14,850</u>
		<u>\$ 732,185</u>

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NEW YORK STATE HOMES AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE - GRANT NUMBER C092241/2011

SCHEDULE OF REVENUES AND EXPENDITURES

PROJECT PERIOD JULY 1, 2009 TO MARCH 31, 2012

	(Unaudited) Budgeted Amount	Audit Period			Total 7/1/2009 6/30/2012	Over (Under) Budget
		Total 7/1/2009 6/30/2010	Total 7/1/2010 6/30/2011	Total 7/1/2011 6/30/2012		
REVENUES - GRANT INCOME	\$ 15,137,385	\$ 1,754,958	\$ 6,971,111	\$ 6,411,316	\$ 15,137,385	\$ -
EXPENDITURES MATERIAL COSTS:						
Agency	230,269	49,609	30,866	111,588	192,063	38,206
Subcontracted	6,947,409	327,794	3,305,814	3,409,589	7,043,197	(95,788)
	7,177,678	377,403	3,336,680	3,521,177	7,235,260	(57,582)
LABOR COSTS:						
Agency Labor	2,249,422	564,054	680,191	1,005,159	2,249,404	18
Subcontracted	3,876,260	149,507	2,300,414	1,480,705	3,930,626	(54,366)
	6,125,682	713,561	2,980,605	2,485,864	6,180,030	(54,348)
PROGRAM SUPPORT:						
Building maintenance	18,000	12,496	7,914	(457)	19,953	(1,953)
Office supplies	19,000	30,587	5,061	-	35,648	(16,648)
Office space	153,000	66,875	53,500	24,634	145,009	7,991
Insurance/bonding	5,000	-	-	-	-	5,000
Warehouse	10,000	-	-	-	-	10,000
Weatherization tools/supplies	30,000	5,229	-	25,231	30,460	(460)
Utilities/fuel	30,000	10,000	16,857	(564)	26,293	3,707
Vehicle Insurance	6,400	2,134	-	-	2,134	4,266
Office furniture/equipment	10,000	8,060	-	-	8,060	1,940
Vehicle maintenance	13,000	2,905	487	2,503	5,895	7,105
Travel	12,900	5,417	2,649	4,636	12,702	198
Weatherization equipment	20,000	-	-	-	-	20,000
Staff development	7,900	-	542	7,285	7,827	73
Health and safety	1,200	572	-	526	1,098	102
Telecommunications	30,000	12,032	13,319	(172)	25,179	4,821
Postage and shipping	20,000	6,924	8,334	-	15,258	4,742
Advertising/ marketing	10,500	5,825	-	-	5,825	4,675
Printing and copying	35,000	17,658	(390)	-	17,268	17,732
Dues/fees	100	-	-	-	-	100
Energy audit	250,000	125,000	30,250	94,750	250,000	-
Other allowance	66,568	35,756	13,999	3,877	53,632	12,936
	748,568	347,470	152,522	162,249	662,241	86,327
LIABILITY INSURANCE	61,722	29,269	6,853	-	36,122	25,600
FINANCIAL AUDIT	55,000	27,500	12,650	14,850	55,000	-
TRAINING AND TECHNICAL ASSISTANCE	48,000	7,963	113	39,925	48,001	(1)
ADMINISTRATIVE COSTS:						
Salaries and fringe	744,974	231,511	387,497	174,757	793,765	(48,791)
Other allowance	175,761	20,281	94,191	12,494	126,966	48,795
	920,735	251,792	481,688	187,251	920,731	4
CAPITAL EQUIPMENT	-	-	-	-	-	-
TOTAL EXPENDITURES	15,137,385	1,754,958	6,971,111	6,411,316	15,137,385	-
REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

**NEW YORK STATE HOMES AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE - GRANT NUMBER C092241/2011**

**SCHEDULE OF QUESTIONED COSTS
PROJECT PERIOD APRIL 1, 2011 TO MARCH 31, 2012**

NONE

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NEW YORK CITY - ADMINISTRATION FOR CHILDREN'S SERVICES
AGENCY FOR CHILD DEVELOPMENT - BUDGET ID NUMBER 12-935EX

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET VS. ACTUAL

YEAR ENDED JUNE 30, 2012

	(Unaudited) Budgeted Amount	Total 7/1/2011 6/30/2012	Over (Under) Budget
REVENUES:			
ACS	\$ 789,227	\$ 620,211	\$ (169,016)
Parent Fees	-	108,036	108,036
	<u>789,227</u>	<u>728,247</u>	<u>(60,980)</u>
EXPENDITURES:			
Personnel costs:			
ACS regular salaries	59,641	53,452	(6,189)
Fringe Benefits	7,673	15,501	7,828
FCC Initiative Code 37	442,000	-	(442,000)
	<u>509,314</u>	<u>68,953</u>	<u>(440,361)</u>
PROVIDER PARENTS STIPENDS	<u>269,598</u>	<u>650,618</u>	<u>381,020</u>
OTHER NON-ITEMIZED OTPS COSTS:			
Classroom supply and equipment:	4,070	2,431	(1,639)
Other OTPS	6,245	6,245	-
	<u>10,315</u>	<u>8,676</u>	<u>(1,639)</u>
TOTAL EXPENDITURES	<u>789,227</u>	<u>728,247</u>	<u>(60,980)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

**NEW YORK CITY - ADMINISTRATION FOR CHILDREN'S SERVICES
AGENCY FOR CHILD DEVELOPMENT - BUDGET ID NUMBER 12-935EX**

**DETAILED EXPLANATION OF QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012**

NONE

**NEW YORK CITY - ADMINISTRATION FOR CHILD DEVELOPMENT
AGENCY FOR CHILD DEVELOPMENT - BUDGET ID NUMBER 12-935 EX**

**SCHEDULE OF CONSULTANTS
YEAR ENDED JUNE 30, 2012**

NONE

**NEW YORK CITY - ADMINISTRATION FOR CHILD DEVELOPMENT
AGENCY FOR CHILD DEVELOPMENT - BUDGET ID NUMBER 12-935 EX**

**SCHEDULE OF FIXED ASSETS INVENTORY
YEAR ENDED JUNE 30, 2012**

NONE

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
AGENCY FOR CHILD DEVELOPMENT - BUDGET ID NUMBER 12-935 EX**

SCHEDULE OF QUANTITATIVE PROGRAM RESULTS

YEAR ENDED JUNE 30, 2012

1. Average Daily Attendance

A. The average daily attendance for the twelve months under audit (July - June) is 78 children a day.

B. This program is contracted to serve 27 providers a day.

2. Average Number of Meals Served

N/A

3. Average "Raw Food" Cost Per Meal

N/A

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

EXIT CONFERENCE

Grantee:	Northern Manhattan Improvement Corporation
Address:	76 Wadsworth Avenue New York, New York 10033
Period Audited:	Year ended June 30, 2012
Where Held:	Northern Manhattan Improvement Corporation
Date Held:	September 27, 2012
In Attendance For:	<u>Northern Manhattan Improvment Corporation</u> Barbara Lawry - Executive Director Rosaura Morales - CFO Maria Lizardo - Assistant Executive Director of Programs Arnold Weinstein - Board Member Elaine Reiss - Board Member Michael Karp - Board Member <u>Wiss & Company, LLP</u> Theresa Dominianni, CPA - Partner Stephanie Mendoza, CPA - Manager
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

See accompanying notes to consolidated 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, 2012, and have issued our report thereon dated October 8, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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

A handwritten signature in cursive script that reads "Wiss & Company".

WISS & COMPANY, LLP

Livingston, New Jersey
October 8, 2012



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

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

Compliance

We have audited the compliance of Northern Manhattan Improvement Corporation and Affiliates, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Northern Manhattan Improvement Corporation and Affiliates' major federal programs for the year ended June 30, 2012. Northern Manhattan Improvement Corporation and Affiliates' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Northern Manhattan Improvement Corporation and Affiliates' management. Our responsibility is to express an opinion on Northern Manhattan Improvement Corporation and Affiliates' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northern Manhattan Improvement Corporation and Affiliates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Northern Manhattan Improvement Corporation and Affiliates' compliance with those requirements.

In our opinion Northern Manhattan Improvement Corporation and Affiliates complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Northern Manhattan Improvement Corporation and Affiliates is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Northern Manhattan Improvement Corporation and Affiliates' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northern Manhattan Improvement Corporation and Affiliates' internal control over compliance.

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

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

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



WISS & COMPANY, LLP

Livingston, New Jersey
October 8, 2012

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

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			
Passed through the City of New York, Department of Homeless Services			
- Temporary Assistance for Needy Families	93.558	N/A	\$ 101,864
Passed through the New York State Office of Temporary and Disability Assistance			
- Temporary Assistance for Needy Families	93.558	N/A	12,897
Passed through the Non-Profit Assistance Corporation - SEEDCO			
- Temporary Assistance for Needy Families	93.558	N/A	214,833
- Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	N/A	442,134
Passed through the New York State Homes and Community Renewal			
- Low Income Home Energy Assistance	93.568	C091041/2011	2,981,844
Passed through the City of New York, New York City Department of Youth and Community Development			
- Community Services Block Grant	93.569	N/A	220,799
Passed through the City of New York, New York City Department of Youth and Community Development			
- Domestic Violence	93.569	N/A	146,909
Passed through the State of New York, Department of State			
- Community Services Block Grant	93.569	N/A	77,500
Passed through City of New York - Administration for Children's Services			
- Childcare and Development Block Grant	93.575	N/A	347,301
Passed through the Non-Profit Assistance Corporation - SEEDCO			
- Children's Health Insurance Program	93.767	N/A	62,325
Passed through the Non-Profit Assistance Corporation - SEEDCO			
- Medical Assistance Program	93.778	N/A	62,325

See accompanying notes to Schedule of Expenditures of Federal Awards.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
U.S. Department of Education Passed through the State Education Department/The University of the State of NY - Adult Education - Basic Grants to States	84.002	N/A	\$ 1,192,882
U.S. Department of Agriculture Passed through the Hunger Solutions of New York, Inc. - Food Stamp Outreach	10.561	N/A	33,950
U.S. Department of Housing and Urban Development Passed through the Non-Profit Assistance Corporation - SEEDCO - Housing Counseling Assistance Program	14.169	N/A	15,729
Passed through the City of New York Department of Housing Preservation and Development - Community Development Block Grants/Entitlement Grants	14.218	N/A	109,206
- Section 8 Housing Choice Vouchers	14.871	N/A	100,053
U.S. Department of Health and Human Services Passed through the New York City Community Service Society - Community Service Society	93.525	N/A	53,333
U.S. Department of Energy Passed through the New York State Homes and Community Renewal - ARRA - Weatherization Assistance Program	81.042	C092241/2011	6,411,316
- Weatherization Assistance Program	81.042	C091041/2011	497,285
U.S. Department of Homeland Security Passed through the United Way of New York City - Emergency Food and Shelter National Board Program	97.024	N/A	61,000
U.S. Department of Agriculture Passed through the New York State Department of Health - Child and Adult Care Food Program	10.558	N/A	453,384
U.S. Department of Agriculture Passed through United Way - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	<u>15,750</u>
Total Expenditures of Federal Awards			<u>\$ 13,614,619</u>

See accompanying Schedule of Expenditures of Federal Awards.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

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

Note 1 - General:

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

Note 2 - Basis of Accounting:

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

Note 3 - Other:

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

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

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> </u> X	No
Reportable condition(s) identified			
not considered to be material weaknesses?	<u> </u> Yes	<u> </u> X	None reported
Non-compliance material to financial statements noted?	<u> </u> Yes	<u> </u> X	No

Federal Awards

Internal Control over major programs:	Unqualified		
Material weakness(es) identified?	<u> </u> Yes	<u> </u> X	No
Reportable condition(s) identified			
not considered to be material weaknesses?	<u> </u> Yes	<u> </u> X	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)?

 Yes X No

Identification of major programs:

<u>Federal</u>	<u>CFDA Number</u>	<u>Amount</u>
Weatherization Assistance Program	81.042	\$ 497,285
ARRA - Weatherization Assistance Program	81.042	6,411,316
Child and Adult Care Food Program	10.558	453,384
Adult Education - Basic Grants to States	84.002	1,192,882

Dollar threshold used to distinguish
between Type A and Type B programs:

\$408,439

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, 2012

Section II. Financial Statements Findings

NONE

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, 2012

Status of Prior Year Findings

There were no prior year findings.