

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

**CONSOLIDATED FINANCIAL REPORT
JUNE 30, 2011**



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, 2011 and 2010, 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, 2011 and 2010, 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 September 28, 2011 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 consolidated basic financial statements of Northern Manhattan Improvement Corporation and affiliate taken as a whole. The accompanying schedule of expenditures of federal awards on pages 41 to 42 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the consolidated basic financial statements. In addition, the accompanying schedules on pages 21 to 36 are also presented for the purpose of additional information. Such information has been subjected to the auditing procedures applied in the audit of the consolidated basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated basic financial statements taken as a whole.

Wiss & Company
WISS & COMPANY, LLP

Livingston, New Jersey
September 28, 2011

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30,	
	2011	2010
CURRENT ASSETS:		
Cash and equivalents (variable interest entities restricted -2011 \$227,845)	\$ 4,279,931	\$ 6,306,681
Cash - client escrow	23,325	38,843
Grants and contracts receivable	3,721,554	4,005,384
Prepaid expenses	302,965	104,890
Other receivables	22,554	49,255
Total Current Assets	8,350,329	10,505,053
RESTRICTED DEPOSITS AND FUNDED RESERVES:		
Tenant security deposits	5,432	5,432
Reserves and mortgage escrows (variable interest entities restricted - 2011 \$109,089)	109,089	101,404
Total Restricted Deposits and Funded Reserves	114,521	106,836
PROPERTY AND EQUIPMENT, NET (variable interest entities restricted - 2011 \$1,282,853)		
	1,294,582	1,416,780
SECURITY DEPOSITS AND OTHER ASSETS		
	63,530	69,217
	\$ 9,822,962	\$ 12,097,886
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses (variable interest entities - 2011 \$58,095)	\$ 4,271,632	\$ 4,620,375
Client escrow payable	19,586	36,540
Accrued vacation payable	172,609	172,215
Refundable advances	649,029	2,871,890
Other liabilities	57,966	46,940
Total Current Liabilities	5,170,822	7,747,960
MORTGAGE PAYABLE (variable interest entities - 2011 - \$2,771,044)		
	2,771,044	2,771,044
COMMITMENT AND CONTINGENCY		
NET ASSETS:		
Deficit	(265,610)	(264,912)
Unrestricted net assets - controlling interest:		
Operations, designated by Board	900,000	900,000
Operations, undesignated	1,760,096	1,393,388
Total Unrestricted Net Assets - controlling interest	2,394,486	2,028,476
Unrestricted net assets - noncontrolling interest	(513,390)	(449,594)
Total Net Assets	1,881,096	1,578,882
	\$ 9,822,962	\$ 12,097,886

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,	
	2011	2010
SUPPORT AND REVENUES:		
Support:		
Grants and contracts	\$ 18,013,547	\$ 14,603,307
Contributions	<u>31,252</u>	<u>11,886</u>
	<u>18,044,799</u>	<u>14,615,193</u>
Revenues:		
Program income	375,282	310,154
Attorney fees	81,237	62,393
Rental income	357,632	341,705
Developer fees	118,640	38,000
Interest income	5,577	4,814
Unrealized gain on investments	2,196	5,255
Realized loss on investments	-	(233)
Other income	<u>307</u>	<u>17,658</u>
	<u>940,871</u>	<u>779,746</u>
Total Support and Revenues	<u>18,985,670</u>	<u>15,394,939</u>
EXPENSES:		
Program services	16,474,619	12,954,648
Support services	1,854,155	1,649,978
NMIC Lead Safe House HDPC	188,737	183,492
453 West 166th Street LP	154,531	144,406
NMIC West 166th Street Owner's Corporation	<u>11,414</u>	<u>10,783</u>
Total Expenses	<u>18,683,456</u>	<u>14,943,307</u>
CHANGE IN NET ASSETS	302,214	451,632
LOSSES ALLOCATED TO NONCONTROLLING INTEREST	<u>63,796</u>	<u>46,098</u>
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	366,010	497,730
NET ASSETS, BEGINNING OF YEAR - CONTROLLING INTEREST	<u>2,028,476</u>	<u>1,530,746</u>
NET ASSETS, END OF YEAR - CONTROLLING INTEREST	<u>\$ 2,394,486</u>	<u>\$ 2,028,476</u>
NET ASSETS, BEGINNING OF YEAR - NONCONTROLLING INTEREST	\$ (449,594)	\$ (403,496)
LOSSES ALLOCATED TO NONCONTROLLING INTEREST	<u>(63,796)</u>	<u>(46,098)</u>
NET ASSETS, END OF YEAR - NONCONTROLLING INTEREST	<u>\$ (513,390)</u>	<u>\$ (449,594)</u>

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets - controlling interest	\$ 366,010	\$ 497,730
Losses allocated to noncontrolling interest	(63,796)	(46,098)
Adjustments to reconcile changes in net assets from operating activities:		
Depreciation and amortization	122,470	101,544
Unrealized gain on investments	(2,196)	(5,255)
Realized loss on investments	-	233
Changes in operating assets and liabilities:		
Cash - client escrow	15,518	(30,000)
Tenant security deposits	-	(252)
Grants and contracts receivable	283,830	(1,857,474)
Prepaid expenses	(198,075)	(23,265)
Other receivables	26,701	122,549
Security deposits and other assets	5,416	8,442
Accounts payable and accrued expenses	(348,743)	3,912,478
Client escrow payable	(16,954)	30,000
Accrued vacation payable	394	(54,827)
Refundable advances	(2,222,861)	1,667,224
Other liabilities	11,026	6,234
Net cash from operating activities	(2,021,260)	4,329,263
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	-	(53,159)
Change in reserves and mortgage escrows	(5,490)	(4,224)
Net cash from investing activities	(5,490)	(57,383)
NET CHANGE IN CASH AND EQUIVALENTS	(2,026,750)	4,271,880
CASH AND EQUIVALENTS, BEGINNING OF YEAR	6,306,681	2,034,801
CASH AND EQUIVALENTS, END OF YEAR	\$ 4,279,931	\$ 6,306,681

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															
Program Services							Support Services				Affiliate		NMIC		
Workforce Development	Adult Literacy	Legal Services	Organizing	Weatherization	Social Services	Total Program Services	Management and General	Program Development	Total Support Services	Total Expenses	Safe House HDFC	453 West 166th Street LP	Street Owner's Corporation	Total	
Salaries - Full time	\$ 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	971,516	-	-	-	-	-	971,516	-	-	-	971,516	-	-	971,516	
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	38,330	
Property management fees	-	-	-	-	-	-	-	-	-	-	-	-	7,603	7,603	
Interest	-	-	-	-	-	-	-	-	-	-	-	-	11,906	11,906	
Performance-based contract expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
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	100,213	
Total expenses before depreciation and amortization	2,069,747	1,328,716	2,121,702	407,947	9,686,492	836,030	16,450,634	1,711,280	139,476	1,850,756	18,301,390	125,828	139,813	11,414	18,578,445
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	2,073,520	1,331,138	2,125,569	408,691	9,704,147	837,554	16,480,619	1,714,424	139,731	1,854,155	18,334,774	188,737	165,990	11,414	18,700,915
Eliminations	-	-	-	-	(6,000)	-	(6,000)	-	-	-	(6,000)	-	(11,459)	-	(17,459)
Consolidated Total Expenses	\$ 2,073,520	\$ 1,331,138	\$ 2,125,569	\$ 408,691	\$ 9,698,147	\$ 837,554	\$ 16,474,619	\$ 1,714,424	\$ 139,731	\$ 1,854,155	\$ 18,328,774	\$ 188,737	\$ 154,531	\$ 11,414	\$ 18,683,456

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010

Northern Manhattan Improvement Corporation															
Program Services							Support Services				Affiliate		NMIC		Total
Workforce Development	Adult Literacy	Legal Services	Organizing	Weatherization	Social Services	Total Program Services	Management and General	Program Development	Total Support Services	Total Expenses	Safe House HDFC	453 West 166th Street LP	Street Owner's Corporation	West 166th	
Salaries - Full time	\$ 692,023	\$ 561,359	\$ 1,315,959	\$ 267,708	\$ 812,565	\$ 516,264	\$ 4,165,878	\$ 695,107	\$ 78,540	\$ 773,647	\$ 4,939,525	\$ 18,900	\$ -	\$ -	\$ 4,958,425
Salaries - Part time	-	323,150	-	-	-	-	323,150	-	-	-	323,150	-	-	-	323,150
Payroll taxes and fringe benefits - Full time	195,850	158,617	382,370	77,943	235,645	149,789	1,200,214	266,135	22,777	288,912	1,489,126	1,835	-	-	1,490,961
Payroll taxes and fringe benefits - Part time	-	39,198	-	-	-	-	39,198	-	-	-	39,198	-	-	-	39,198
Professional fees and program consultants	46,571	371	292,729	25,763	85,355	2,776	453,565	251,509	681	252,190	705,755	9,000	12,703	-	727,458
Rent emergency	-	-	129,333	-	-	35,534	164,867	-	-	-	164,867	-	-	-	164,867
Repairs and maintenance	11,577	7,856	23,036	3,098	35,465	5,035	86,067	12,415	1,146	13,561	99,628	14,421	39,486	-	153,535
Rent	153,825	209,420	348,185	38,310	143,405	61,808	954,953	120,092	11,436	131,528	1,086,481	-	-	-	1,086,481
Utilities	10,367	11,578	22,218	615	30,191	3,435	78,404	2,850	861	3,711	82,115	38,183	31,627	-	151,925
Program expenses	14,433	7,915	951	74	237,685	1,426	262,484	70	-	70	262,554	-	-	-	262,554
Stipends	623	7,443	90	-	2,968	10	11,134	168	-	168	11,302	-	-	-	11,302
Day care provider payments	1,032,760	-	-	-	-	-	1,032,760	-	-	-	1,032,760	-	-	-	1,032,760
Office expenses	8,988	16,239	21,554	301	22,718	6,129	75,929	10,879	1,009	11,888	87,817	1,577	-	-	89,394
Postage	2,674	5,233	8,013	190	16,875	1,006	33,991	2,747	427	3,174	37,165	176	-	-	37,341
Telephone	7,612	6,681	31,517	186	30,114	5,673	81,783	4,220	810	5,030	86,813	120	-	-	86,933
Subcontract material and labor	-	-	-	-	3,598,061	-	3,598,061	-	-	-	3,598,061	-	-	-	3,598,061
Insurance	4,606	1,982	20,311	929	66,806	7,244	101,878	737	874	1,611	103,489	15,742	8,806	-	128,037
Meetings, conferences and training	50	-	7,865	40	32,477	-	40,432	5,610	-	5,610	46,042	-	-	-	46,042
Travel	1,614	454	2,180	326	10,084	1,480	16,138	6,471	-	6,471	22,609	-	-	-	22,609
Client Travel	18,232	11,597	1,474	44	-	1,219	32,566	65	-	65	32,631	-	-	-	32,631
Printing and publications	3,751	2,021	12,334	1,164	56,924	1,166	77,360	344	902	1,246	78,606	-	-	-	78,606
Equipment purchase	-	2,483	701	701	10,110	-	13,294	2,251	-	2,251	15,545	-	-	-	15,545
Equipment repair and leasing	9,585	8,569	21,004	968	22,681	6,246	69,053	5,951	864	6,815	75,868	-	-	-	75,868
Books and subscriptions	-	2,971	9,475	-	481	247	13,174	5	-	5	13,179	-	-	-	13,179
Partnership management fees	-	-	-	-	-	-	-	-	-	-	-	14,284	10,914	10,914	36,112
Property management fees	-	-	-	-	-	-	-	-	-	-	-	-	7,735	-	7,735
Interest	-	-	-	-	-	-	-	-	-	-	-	-	11,906	-	11,906
Performance-based contract expenses	-	-	-	-	-	-	-	112,514	-	112,514	112,514	-	-	-	112,514
Other costs	6,590	1,216	3,669	572	11,122	1,168	24,337	28,080	160	28,240	52,577	6,345	4,757	(131)	63,548
Total expenses before depreciation and amortization	2,221,731	1,386,353	2,654,267	418,932	5,461,732	807,655	12,950,670	1,528,220	120,487	1,648,707	14,599,377	120,583	127,934	10,783	14,858,677
Depreciation and amortization	1,712	1,068	2,045	323	4,208	622	9,978	1,178	93	1,271	11,249	62,909	27,386	-	101,544
Total expenses	2,223,443	1,387,421	2,656,312	419,255	5,465,940	808,277	12,960,648	1,529,398	120,580	1,649,978	14,610,626	183,492	155,320	10,783	14,960,221
Eliminations	-	-	-	-	(6,000)	-	(6,000)	-	-	-	(6,000)	-	(10,914)	-	(16,914)
Consolidated Total Expenses	\$ 2,223,443	\$ 1,387,421	\$ 2,656,312	\$ 419,255	\$ 5,459,940	\$ 808,277	\$ 12,954,648	\$ 1,529,398	\$ 120,580	\$ 1,649,978	\$ 14,604,626	\$ 183,492	\$ 144,406	\$ 10,783	\$ 14,943,307

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 Lead Safe House HDFC, 453 West 166th Street Limited Partnership and NMIC West 166th Street Owner's Corporation (collectively referred to as the "Organization"). NMIC Lead Safe House and 453 West 166th Street LP 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, therefore, not considered a VIE.

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

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

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

NMIC Lead Safe House HDFC ("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.

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

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

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

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Support and Revenues:

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

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

Temporarily Restricted: Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases that net asset class. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. NMIC had no temporarily restricted net assets as of June 30, 2011 and 2010.

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, 2011 and 2010.

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

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Impairment of Long-Lived Assets - The Organization evaluates all long-lived assets for impairment. Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying amount is not fully recoverable, an impairment loss is recognized to reduce the carrying amount to fair value, and is charged to expense in the period of impairment. There were no impairment losses recognized 2011 and 2010.

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

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

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

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

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

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 2007.

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

Subsequent Events - Management of the Organization has reviewed and evaluated all events and transactions from June 30, 2011 through September 28, 2011, 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.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2 - Summary of Grant/Contract Funding:

The following summarizes NMIC's grant/contract support for the year ended June 30, 2011:

<u>Grantor/Funding Source</u>	<u>Grant/ Contract Period</u>	<u>Total Grant/ Contract</u>	<u>Recognized Support</u>
New York State Office of Temporary and Disability Assistance			
- New York State Citizenship	10/01/07-09/30/10	\$ 414,740	\$ 26,434
- Homelessness Prevention Program	04/01/10-08/31/11	232,981	<u>163,920</u>
			<u>190,354</u>
New York State Homes and Community Renewal			
- Neighborhood Preservation Program	07/01/09-06/30/12	275,203	55,475
- Weatherization Assistance Program	04/01/10-03/31/11	3,397,277	3,360,029
- Weatherization Assistance Program	07/01/09-09/30/11	14,431,578	<u>6,971,111</u>
			<u>10,386,615</u>
The State Education Department /The University of the State of New York			
- Adult Education	07/01/10-06/30/11	518,315	518,315
- Adult Education/Civics	07/01/10-06/30/11	350,082	<u>350,082</u>
			<u>868,397</u>
New York State Department of Health			
- Lead Safe House Program	07/01/10-06/30/11	83,626	83,626
- Child and Adult Care Food Program	10/01/10-09/30/11		291,571
	10/01/09-09/30/10		<u>91,669</u>
			<u>466,866</u>
New York State Department of State			
- Civil Legal Services	04/01/09-07/31/11	45,642	45,642
- Community Services Block Grant	10/01/10-09/30/11	30,000	<u>22,500</u>
			<u>68,142</u>
New York State Energy Research and Development Authority			
	03/10/11-05/31/12	50,000	<u>18,960</u>

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

<u>Grantor/Funding Source</u>	<u>Grant/ Contract Period</u>	<u>Total Grant/ Contract</u>	<u>Recognized Support</u>
City of New York - Department of Homeless Services			
- Family Anti-Eviction	10/01/10-06/30/11	\$ 160,071	\$ 160,071
- Family Anti-Eviction - ARRA	10/01/10-06/30/11	26,679	26,679
- Family Anti-Eviction	07/01/10-09/30/10	163,025	169,141
- Family Anti-Eviction - ARRA	07/01/10-09/30/10	69,293	<u>63,786</u>
			<u>419,677</u>
City of New York - Administration for Children's Services			
- Day Care	07/01/10-06/30/11	669,552	<u>669,552</u>
City of New York - Department of Housing, Preservation & Development			
- Anti-Illegal Eviction and SRO Legal Services	07/01/10-06/30/11	114,409	114,409
- Family Self Sufficiency	04/01/10-03/31/12	246,604	117,835
- Neighborhood Preservation Consultant	01/01/09-12/31/11	480,000	160,000
- Housing Preservation Initiative	07/01/10-06/30/11	60,000	<u>60,000</u>
			<u>452,244</u>
City of New York - Department of Youth and Community Development			
- Family Literacy Initiative	07/01/10-06/30/11	150,000	150,000
- Immigrant Opportunity Initiative	07/01/10-06/30/11	23,138	23,138
- Neighborhood Development Area	07/01/10-06/30/11	113,776	113,776
- NDA-Immigrants	07/01/10-06/30/11	107,023	107,023
- Legal Assistance Program	07/01/10-06/30/11	99,975	99,975
- Adult Literacy - ARRA	07/01/10-09/30/10	67,259	67,259
- Adult Literacy - CDBG	07/01/10-06/30/11	53,402	53,402
- Adult Literacy - CTL	07/01/10-06/30/11	1,583	1,583
- Adult Literacy Disconnected Youth Program	07/01/10-06/30/11	175,000	175,000
- Adult Literacy Disconnected Youth Program	07/01/10-06/30/11	30,952	<u>30,952</u>
			<u>822,108</u>

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

<u>Grantor/Funding Source</u>	<u>Grant/Contract Period</u>	<u>Total Grant/ Contract</u>	<u>Recognized Support</u>
MFY Legal Services	07/01/10-06/30/11	\$ 117,000	\$ 117,000
MFY Assigned Counsel Programs	07/01/10-06/30/11	100,130	<u>100,130</u>
City of New York - Criminal Justice Coordinator's Office	07/01/10-06/30/11	239,674	<u>239,674</u>
United Way of New York City			
- Emergency Food and Shelter Program	01/01/10-12/31/10	85,000	51,194
-FCAP	07/01/10-10/31/10	15,749	15,746
-FCAP	11/10-10/11	47,250	<u>31,500</u>
			<u>98,440</u>
New York State Office of Children and Family Services	06/01/11-05/31/12	41,538	2,365
	06/01/10-05/31/11	120,000	<u>120,000</u>
			<u>122,365</u>
Non-Profit Assistance Corporation - SEEDCO			
- NYC Works Rewards (FSS)	05/01/10-12/31/10	29,325	20,977
- HUD	10/01/09-09/30/10	56,400	16,912
	10/01/10-09/30/11	62,915	47,186
- Job Partnership	01/01/10-12/31/10	105,000	56,000
- Facilitated Enrollment	01/01/11-12/31/11	110,000	55,000
	01/01/10-12/31/10	110,000	57,558
- Health Career Initiative	01/01/09-04/11/11	81,250	10,736
- Green Jobs Wage Subsidy	02/01/10-09/15/10	10,000	15,000
- Career Pathway Program	02/01/09-01/31/11	203,419	119,187
	02/01/11-01/31/12	250,000	114,000
- Back to Work	07/01/10-06/30/11	489,522	420,582
- Back to Work/STEPS/Parenting Education	07/01/10-06/30/11		<u>21,250</u>
			<u>954,388</u>
United States Environmental Protection Agency	06/01/10-05/31/11	25,000	<u>25,000</u>
United States Department of Agriculture	04/01/10-03/14/11	8,000	<u>8,000</u>

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

<u>Grantor/Funding Source</u>	<u>Grant/Contract Period</u>	<u>Total Grant/ Contract</u>	<u>Recognized Support</u>
New York Department of Small Business Services	07/01/10-06/30/11	\$ 17,600	\$ <u>17,600</u>
New York State Office of Court Administration	01/01/10-12/31/10	20,000	<u>10,000</u>
New York State Division of Criminal Justice Services	10/01/09-09/30/10 07/01/10-03/31/11 04/01/10-03/31/11	90,000 12,966 81,000	22,500 12,966 <u>81,000</u> <u>116,466</u>

Other Funds:

Interest on Lawyer Account Fund of the State of New York - Legal Services	04/01/11-03/31/12 04/01/10-03/30/11	630,000 670,500	157,501 501,578
JP Morgan Chase - Manhattan	2011	37,079	37,079
The M&T Charitable Foundation	2011	5,000	5,000
Bank of Tokyo - Mitsubishi UFJ	12/10-12/11	30,000	30,000
The Consortium for Worker Education	07/01/10-03/31/11 01/01/11-06/30/11	75,000 30,000	75,000 30,000
The Merck Childhood Asthma Network, Inc.	07/10-06/11	69,036	69,036
HSBC Bank	07/10-06/11	5,000	5,000
Capital One	2011	10,000	10,000
Metlife	01/11-12/11	30,000	30,000
Neuberger Berman Foundation	2011	10,000	10,000
The New York Bar Foundation	2011 01/29/11-01/31/12	15,000 10,000	15,000 10,000
Ridgewood Savings Bank	2011	1,000	1,000
van Ameringen Foundation	11/09/10-12/15/12	100,000	50,000
New York Community Trust	2011 2011	40,000 40,000	40,000 40,000
Robin Hood Foundation Single Stop, USA, Inc.	07/01/10-06/30/11	320,000	320,000
Lily Aunchinclos Foundation	2011	10,000	10,000

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

<u>Grantor/Funding Source</u>	<u>Grant/Contract Period</u>	<u>Total Grant/ Contract</u>	<u>Recognized Support</u>
The Cummings Memorial Funds	2011	\$ 40,000	\$ 40,000
Sterling Bank	2011	2,000	2,000
City of New York of the President			
- Department of Health & Mental Hygiene	07/01/10-06/30/11	5,000	5,000
CAMBA			
- Legal Services	04/01/10-03/31/11	36,000	36,000
DoVE Safe Horizon, Inc	07/01/10-06/30/12	86,542	86,542
Oak Foundation	10/01/10-09/30/14	450,000	112,500
United Neighborhood Houses			
Russell Grinnell Foundation	2011	5,000	5,000
United Neighborhood Houses			
New York Community Trust	2011	25,000	25,000
Vantage Management Services	2011	83,333	<u>83,333</u>
 Total All Funds			 <u>\$ 18,013,547</u>

As displayed on pages 11 to 15, approximately 85% of NMIC's grant/contract funding was provided by eight 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 and the City of New York Department of Housing, Preservation and Development.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 - Grants and Contracts Receivable:

Grants and contracts receivable is comprised of the following:

	June 30,	
	2011	2010
City of New York - Administration for Children's Services	\$ -	\$ 35,603
City of New York - Department of Homeless Services	258,877	412,086
New York State Department of Health	101,293	109,420
New York State Office of Temporary and Disability Assistance	40,794	76,842
The State Education Department	238,205	217,099
City of New York - Criminal Justice Coordinator's Office	239,674	2,600
City of New York - Department of Youth and Community Development	67,342	69,356
City of New York - Department of Housing, Preservation & Development	192,864	200,578
Interest on Lawyer Account Fund of the State of New York	157,500	168,922
Non-Profit Assistance Corporation - SEEDCO	275,766	259,958
U.S. Department of Justice	-	-
Community Service Society of New York	-	23,416
DoVE Safe Horizon, Inc	86,541	53,125
United Way of New York City	11,928	-
New York State Homes and Community Renewal	1,599,025	2,036,516
Robin Hood Foundation	106,000	-
New York State Office of Children and Family Services	38,481	150,000
The Consortium for Worker Education	55,405	1,837
MFY Legal Services	65,952	46,794
New York State Unified Court System	20,000	30,000
New York State Department of State	60,642	-
Others	105,265	111,232
	<u>\$ 3,721,554</u>	<u>\$ 4,005,384</u>

Note 4 - Restricted Deposits and Funded Reserves:

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

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 - Prepaid Expenses:

Prepaid expenses are comprised of the following:

	June 30,	
	2011	2010
Northern Manhattan:		
Insurance	\$ 23,804	\$ 20,555
Transit Checks	90,173	61,900
Transfer of WAP expenses into 2012 program year	156,699	-
Other	19,265	15,947
Sub-total	289,941	98,402
Insurance - 453 West 166th Street LP	-	6,488
Water and Sewer - NMIC Lead Safe House	13,024	-
	\$ 302,965	\$ 104,890

Note 6 - Property and Equipment:

Property and equipment is comprised of the following:

Land - NMIC Lead Safe House HDFC	\$ 1	\$ 1
Building - NMIC Lead Safe House HDFC	1,730,600	1,730,600
Land - 453 West 166th Street LP	650	650
Building - 453 West 166th Street LP	245,939	245,939
Equipment - 453 West 166th Street LP	12,411	12,411
Furniture and equipment- NMIC	65,976	65,976
Vehicles- NMIC	73,380	73,380
Leasehold improvements- NMIC	128,099	128,099
	2,257,056	2,257,056
Less: Accumulated depreciation and amortization	962,474	840,276
	\$ 1,294,582	\$ 1,416,780

Depreciation and amortization expenses totaled \$122,199 and \$101,544 for the years ended June 30, 2011 and 2010, respectively.

Note 7 - Accrued Vacation Payable:

The liability for vacations earned but not taken has been charged to operations. Accrued vacation totaled \$172,609 and \$172,215 as of June 30, 2011 and 2010, respectively.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 8 - Refundable Advances:

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

	June 30,	
	2011	2010
New York State Homes and Community Renewal		
- Weatherization	\$ 566,529	\$ 2,607,895
- Restore	-	23,888
Oak Foundation	37,500	-
JP Morgan Chase	25,000	37,079
New York State Office of Children and Families	-	30,000
Vantage Management Services	-	83,333
New York Community Trust	-	40,000
Others	20,000	49,695
	\$ 649,029	\$ 2,871,890

Note 9 - Commitment and Contingency:

Commitment:

NMIC leases office space at 76 Wadsworth Avenue, New York, New York under an operating lease through December 2011, which may be extended at NMIC's option for a maximum of two (2) two-year renewals at an increased rate of 2% over the last rental rate in effect between the parties. Rent commitment for the six months ending December 31, 2011 is for \$472,500.

Rent and occupancy expense for the years ended June 30, 2011 and 2010 totaled \$1,097,008 and \$1,086,481.

Contingency:

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

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10 - Mortgage Payable:

Mortgage payable as of June 30, 2011 and 2010 consisted of the following:

NMIC Lead Safe House	\$ 1,730,600
453 West 166th Street L.P.	<u>1,040,444</u>
	<u>\$ 2,771,044</u>

NMIC Lead Safe House:

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

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

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

The HDFC need not make payments on the note so long as the covenants set forth in the regulatory agreement and other loan documents are adhered to. If all regulations and covenants are adhered to for the term of the loan, the HDFC will not be required to repay any of the loan principal. 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 166th Street L.P.

Financing for the 13 apartments operated by 453 West consists of a mortgage from New York City Housing Development Corporation (“HDC”) in the amount of \$952,444 with interest at 1% per annum together with a servicing fee of 1/4% per annum. In addition, a non-interest bearing loan of \$88,000 was borrowed pursuant to Section 17 of the United States Housing Act of 1937. Mortgage loan payable was \$1,040,444 at June 30, 2011 and 2010.

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

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11 - Unrestricted Net Assets - Designated by Board:

The Board has designated \$900,000 of unrestricted net assets for a building fund as of June 30, 2011 and 2010.

Note 12 - 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 13 - Profit Sharing Plan:

NMIC has a 401(k) Profit Sharing Plan and trust covering all eligible employees. Included in payroll taxes and fringe benefits is \$290,979 and \$350,023 for the years ended June 30, 2011 and 2010, respectively, which represents NMIC's contributions to this plan.

Note 14 - Line-of-Credit:

NMIC has a \$500,000 line-of-credit with a bank which bears interest based on LIBOR. The line of credit expires in March 28, 2012. NMIC did not draw down any funds during the years ended June 30, 2011 and 2010.

Note 15 - Variable Interest Entities (VIE):

LSH 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 while NMIC owns 1% of 453 West and also guarantees approximately \$97,000 of 453 West's debts.

NMIC paid \$6,000 to LSH for the rental of storage space for the year ended June 30, 2011 and this amount has been eliminated in consolidation.

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

	LSH	453 West
	<u>June 30, 2011</u>	<u>June 30, 2011</u>
Total Assets	\$ 1,320,283	\$ 337,497
Total Liabilities	1,788,695	1,138,387
Total 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, 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	8,350,329	(106,024)	8,124,710	244,620	8,852	78,171
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	114,521	-	-	-	114,521	-
PROPERTY AND EQUIPMENT, NET	1,294,582	-	11,729	1,075,663	207,190	-
SECURITY DEPOSITS AND OTHER ASSETS	63,530	-	56,596	-	6,934	-
	\$ 9,822,962	\$ (106,024)	\$ 8,193,035	\$ 1,320,283	\$ 337,497	\$ 78,171
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	5,170,822	(393,524)	5,064,527	58,095	97,943	343,781
MORTGAGE PAYABLE	2,771,044	-	-	1,730,600	1,040,444	-
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	1,760,096	287,500	2,228,508	(468,412)	(287,500)	-
Total Unrestricted Net Assets - controlling interest	2,394,486	287,500	3,128,508	(468,412)	(287,500)	(265,610)
Unrestricted net assets - noncontrolling interest:	(513,390)	-	-	-	(513,390)	-
Total Net Assets	1,881,096	287,500	3,128,508	(468,412)	(800,890)	(265,610)
	\$ 9,822,962	\$ (106,024)	\$ 8,193,035	\$ 1,320,283	\$ 337,497	\$ 78,171

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2010

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

See accompanying notes to 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:						
Program income	375,282	-	375,282	-	-	-
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 gain on investments	2,196	-	-	-	2,196	-
Realized loss on investments	-	-	-	-	-	-
Other income (loss)	307	644	-	-	445	(782)
	<u>940,871</u>	<u>(16,815)</u>	<u>671,100</u>	<u>174,320</u>	<u>101,550</u>	<u>10,716</u>
Total Support and Revenues	<u>18,985,670</u>	<u>(16,815)</u>	<u>18,715,899</u>	<u>174,320</u>	<u>101,550</u>	<u>10,716</u>
EXPENSES:						
Program services	16,474,619	(6,000)	16,480,619	-	-	-
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 Expenses	<u>18,683,456</u>	<u>(17,459)</u>	<u>18,334,774</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)
LOSSES ALLOCATED TO NONCONTROLLING INTEREST	<u>63,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,796</u>	<u>-</u>
CHANGE IN NET ASSETS ATTRIBUTABLE TO CONTROLLING INTEREST	366,010	644	381,125	(14,417)	(644)	(698)
NET ASSETS, BEGINNING OF YEAR - CONTROLLING INTEREST	<u>2,028,476</u>	<u>286,856</u>	<u>2,747,383</u>	<u>(453,995)</u>	<u>(286,856)</u>	<u>(264,912)</u>
NET ASSETS, END OF YEAR	<u>\$ 2,394,486</u>	<u>\$ 287,500</u>	<u>\$ 3,128,508</u>	<u>\$ (468,412)</u>	<u>\$ (287,500)</u>	<u>\$ (265,610)</u>

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010

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

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, 2011

	<u>Grant C092241/2009 Contract Period 7/1/2009 9/30/2011</u>	<u>Grant C091041/2010 Contract Period 4/1/2010 6/30/2011</u>
<u>Completed Units Information</u>		
Total number of units contracted for	1,460	478
Total number of units completed per client files as of June 30, 2011	672	641
Total number of units certified as acceptable and complete by the New York State Homes and Community Renewal as of June 30, 2011	94	641

See accompanying notes to consolidated financial statements.

**NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES
NEW YORK STATE HOMES AND COMMUNITY RENEWAL
WEATHERIZATION ASSISTANCE
GRANT NUMBER C091041/2010
SCHEDULE OF ASSETS AND LIABILITIES**

YEAR ENDED JUNE 30, 2011

ASSETS

CURRENT ASSETS:

Cash	\$ -
Grant Receivable - NYS Homes and Community Renewal	462,836
Inventory	<u>1,596</u>
	<u>\$ 464,432</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITES -

Accounts payable	\$ 344,243
Due to Other Funds	<u>118,593</u>
	462,836

RESTRICTED NET ASSETS

	<u>1,596</u>
	<u>\$ 464,432</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 C091041/2010**

**SCHEDULE OF ACCOUNTS PAYABLE
JUNE 30, 2011**

<u>Invoice Date</u>	<u>Vendor</u>	<u>Amount</u>
06/30/11	A.S.K Construction, Inc.	\$ 2,352
06/30/11	A.S.K Construction, Inc.	3,360
06/30/11	A.S.K Construction, Inc.	10,085
06/30/11	Apartment House Supply	8
06/30/11	Apartment House Supply	10
06/30/11	Apartment House Supply	75
06/30/11	Apartment House Supply	35
06/30/11	Apartment House Supply	50
06/30/11	Daniel J. Rieber	395
05/13/11	Everyday Mechanical Corporation	10,000
06/30/11	Grainger	679
06/30/11	Home Depot Credit Services	5,012
06/30/11	Home Depot Credit Services	895
06/30/11	Joann Baker	293
05/26/11	New York Heating Corp.	5,000
05/26/11	New York Heating Corp.	5,000
06/30/11	P.C. Richard	1,712
06/30/11	P.C. Richard	1,284
06/30/11	P.C. Richard	428
06/30/11	P.C. Richard	428
06/30/11	P.C. Richard	1,284
06/30/11	P.C. Richard	2,140
06/30/11	P.C. Richard	1,712
06/30/11	P.C. Richard	428
06/30/11	P.C. Richard	428
06/30/11	P.C. Richard	3,024
06/30/11	Professional Equipment	1,269
06/29/11	Riverdale Electrical Services, Inc.	32,187
06/30/11	Riverdale Electrical Services, Inc.	17,169
06/30/11	Riverdale Electrical Services, Inc.	40,029
06/30/11	Riverdale Electrical Services, Inc.	24,206
06/30/11	Riverdale Electrical Services, Inc.	29,405
06/30/11	Riverdale Electrical Services, Inc.	108,643
04/26/11	Riverdale Electrical Services, Inc.	3,160
04/26/11	Riverdale Electrical Services, Inc.	7,004
11/30/10	SNS Energy Distribution Corporation	5,000
05/17/10	SNS Energy Distribution Corporation	10,000
05/31/10	SNS Energy Distribution Corporation	8,930
06/30/11	The ADVG Specialists of Me Inc.	<u>1,124</u>
	Total	<u>\$ 344,243</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 C091041/2010

SCHEDULE OF REVENUES AND EXPENDITURES

PROJECT PERIOD APRIL 1, 2010 TO JUNE 30, 2011

	(Unaudited) Budgeted Amount	Incurred Ended 6/30/2010	Audit Ended 6/30/2011	Total 4/1/2010 6/30/2011	Over (Under) Budget
REVENUES - GRANT INCOME	\$ 3,397,277	\$ -	\$ 3,360,029	\$ 3,360,029	\$ (37,248)
EXPENDITURES MATERIAL COSTS:					
Agency	80,000	-	48,071	48,071	(31,929)
Subcontracted	1,000,000	-	1,246,721	1,246,721	246,721
	<u>1,080,000</u>	<u>-</u>	<u>1,294,792</u>	<u>1,294,792</u>	<u>214,792</u>
LABOR COSTS:					
Agency Salaries and Fringes	630,918	-	630,007	630,007	(911)
Subcontracted	949,641	-	700,636	700,636	(249,005)
	<u>1,580,559</u>	<u>-</u>	<u>1,330,643</u>	<u>1,330,643</u>	<u>(249,916)</u>
PROGRAM SUPPORT:					
Building maintenance	18,000	-	19,636	19,636	1,636
Office supplies	25,000	-	37,938	37,938	12,938
Office space	133,750	-	133,749	133,749	(1)
Insurance/bonding	700	-	-	-	(700)
Warehouse	7,500	-	6,000	6,000	(1,500)
Weatherization tools/supplies	10,000	-	14,607	14,607	4,607
Utilities/fuel	18,000	-	17,803	17,803	(197)
Vehicle Insurance	15,000	-	6,093	6,093	(8,907)
Office furniture/equipment	3,000	-	2,961	2,961	(39)
Vehicle maintenance	9,000	-	7,651	7,651	(1,349)
Travel	15,000	-	10,952	10,952	(4,048)
Weatherization equipment	5,000	-	1,401	1,401	(3,599)
Staff development	5,000	-	5,119	5,119	119
Health and safety	2,000	-	-	-	(2,000)
Telecommunications	24,000	-	20,833	20,833	(3,167)
Postage and shipping	14,000	-	15,803	15,803	1,803
Advertising/ marketing	10,000	-	14,946	14,946	4,946
Printing and copying	23,000	-	26,270	26,270	3,270
Dues/fees	3,500	-	1,425	1,425	(2,075)
Energy audit	80,000	-	80,000	80,000	-
Other allowance	27,500	-	25,444	25,444	(2,056)
	<u>448,950</u>	<u>-</u>	<u>448,631</u>	<u>448,631</u>	<u>(319)</u>
LIABILITY INSURANCE	68,000	-	68,000	68,000	-
FINANCIAL AUDIT	25,000	-	25,000	25,000	-
TRAINING AND TECHNICAL ASSISTANCE	30,000	-	30,000	30,000	-
ADMINISTRATIVE COSTS:					
Salaries and fringe	130,301	-	145,476	145,476	15,175
Other allowance	34,467	-	17,487	17,487	(16,980)
	<u>164,768</u>	<u>-</u>	<u>162,963</u>	<u>162,963</u>	<u>(1,805)</u>
CAPITAL EQUIPMENT	-	-	-	-	-
TOTAL EXPENDITURES	<u>3,397,277</u>	<u>-</u>	<u>3,360,029</u>	<u>3,360,029</u>	<u>(37,248)</u>
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 C091041/2010**

**SCHEDULE OF QUESTIONED COSTS
PROJECT PERIOD APRIL 1, 2010 TO JUNE 30, 2011**

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 C092241/2010**

SCHEDULE OF REVENUES AND EXPENDITURES

PROJECT PERIOD JULY 1, 2009 TO SEPTEMBER 30, 2011

	(Unaudited) Budgeted Amount	Total 7/1/2009 6/30/2010	Total 7/1/2010 6/30/2011	Over (Under) Budget
REVENUES - GRANT INCOME	\$ 14,431,578	\$ 1,754,958	\$ 6,971,111	\$ 5,705,509
EXPENDITURES MATERIAL COSTS:				
Agency	598,000	49,609	30,866	517,525
Subcontracted	<u>5,989,894</u>	<u>327,794</u>	<u>3,305,814</u>	<u>2,356,286</u>
	6,587,894	377,403	3,336,680	2,873,811
LABOR COSTS:				
Agency Labor	1,326,545	564,054	680,191	82,300
Subcontracted	<u>4,472,654</u>	<u>149,507</u>	<u>2,300,414</u>	<u>2,022,733</u>
	5,799,199	713,561	2,980,605	2,105,033
PROGRAM SUPPORT:				
Building maintenance	20,000	12,496	7,914	(410)
Office supplies	50,000	30,587	5,061	14,352
Office space	133,750	66,875	53,500	13,375
Insurance/bonding	5,000		-	5,000
Warehouse	10,000		-	10,000
Weatherization tools/supplies	30,000	5,229	-	24,771
Utilities/fuel	30,000	10,000	16,857	3,143
Vehicle Insurance	25,000	2,134	-	22,866
Office furniture/equipment	20,000	8,060	-	11,940
Vehicle maintenance	25,000	2,905	487	21,608
Travel	30,000	5,417	2,649	21,934
Weatherization equipment	20,000		-	20,000
Staff development	15,000		542	14,458
Health and safety	10,000	572	-	9,428
Telecommunications	30,000	12,032	13,319	4,649
Postage and shipping	25,000	6,924	8,334	9,742
Advertising/ marketing	25,000	5,825	-	19,175
Printing and copying	30,000	17,658	(390)	12,732
Dues/fees	10,000		-	10,000
Energy audit	250,000	125,000	30,250	94,750
Other allowance	<u>107,000</u>	<u>35,756</u>	<u>13,999</u>	<u>57,245</u>
	900,750	347,470	152,522	400,758
LIABILITY INSURANCE	<u>120,000</u>	<u>29,269</u>	<u>6,853</u>	<u>83,878</u>
FINANCIAL AUDIT	<u>55,000</u>	<u>27,500</u>	<u>12,650</u>	<u>14,850</u>
TRAINING AND TECHNICAL ASSISTANCE	<u>48,000</u>	<u>7,963</u>	<u>113</u>	<u>39,924</u>
ADMINISTRATIVE COSTS:				
Salaries and fringe	624,055	231,511	387,497	5,047
Other allowance	<u>296,680</u>	<u>20,281</u>	<u>94,191</u>	<u>182,208</u>
	920,735	251,792	481,688	187,255
CAPITAL EQUIPMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>14,431,578</u>	<u>1,754,958</u>	<u>6,971,111</u>	<u>5,705,509</u>
REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	\$ -	\$ -

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 11-935EX

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET VS. ACTUAL

YEAR ENDED JUNE 30, 2011

	(Unaudited) Budgeted Amount	Total 7/1/2010 6/30/2011	Over (Under) Budget
REVENUES:			
ACS	\$ 789,228	\$ 669,552	\$ (119,676)
Parent Fees	-	59,793	59,793
	<u>789,228</u>	<u>729,345</u>	<u>(59,883)</u>
EXPENDITURES:			
Personnel costs:			
ACS regular salaries	59,641	52,455	(7,186)
Employer's FICA	4,563	3,153	(1,410)
Unemployment insurance	842	2,104	1,262
Personnel insurance	-	-	-
Welfare plans	2,268	9,954	7,686
FCC Initiative Code 37	442,000	-	(442,000)
	<u>509,314</u>	<u>67,666</u>	<u>(441,648)</u>
PROVIDER PARENTS STIPENDS	<u>269,599</u>	<u>651,716</u>	<u>382,117</u>
OTHER NON-ITEMIZED OTPS COSTS:			
Classroom supply and equipment:	4,070	3,290	(780)
Other OTPS	6,245	6,673	428
	<u>10,315</u>	<u>9,963</u>	<u>(352)</u>
TOTAL EXPENDITURES	<u>789,228</u>	<u>729,345</u>	<u>(59,883)</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 11-935EX**

**DETAILED EXPLANATION OF QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

NONE

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

**NEW YORK CITY - ADMINISTRATION FOR CHILD DEVELOPMENT
AGENCY FOR CHILD DEVELOPMENT - BUDGET ID NUMBER 11-935 EX**

**SCHEDULE OF CONSULTANTS
YEAR ENDED JUNE 30, 2011**

NONE

See accompanying notes to consolidated financial statements.

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

**NEW YORK CITY - ADMINISTRATION FOR CHILD DEVELOPMENT
AGENCY FOR CHILD DEVELOPMENT - BUDGET ID NUMBER 11-935 EX**

**SCHEDULE OF FIXED ASSETS INVENTORY
YEAR ENDED JUNE 30, 2011**

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 11-935 EX**

SCHEDULE OF QUANTITATIVE PROGRAM RESULTS

YEAR ENDED JUNE 30, 2011

1. Average Daily Attendance

A. The average daily attendance for the twelve months under audit (July - June) is 90 children a day.

B. This program is contracted to serve 32 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, 2011
Where Held: Northern Manhattan Improvement Corporation
Date Held: September 26, 2011

In Attendance For:

Northern Manhattan Improvement Corporation

Barbara Lowry - Executive Director
Rosaura Morales - CFO
Michael Karp - Board Member
Arnold Weinstein - Board Member
Jeffrey Rosengarten - Board Member
Carol Rudo - Board Member

Wiss & Company, LLP

Theresa Dominianni, CPA - Partner
Stephanie Mendoza, CPA - Supervisor

Subjects Discussed

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

Grantee's Comments

NONE

Other Remarks of Comments

NONE

See accompanying notes to 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, 2011, and have issued our report thereon dated September 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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



WISS & COMPANY, LLP

Livingston, New Jersey
September 28, 2011



**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, 2011. 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, 2011.

Internal Control Over Compliance

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

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

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

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

Wiss & Company

WISS & COMPANY, LLP

Livingston, New Jersey
September 28, 2011

NORTHERN MANHATTAN IMPROVEMENT CORPORATION AND AFFILIATES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
United States Environmental Protection Agency - Environmental Justice Small Grant Program	66.604	N/A	\$ 25,000
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	164,302
Passed through the New York State Office of Children and Family Services - Temporary Assistance for Needy Families	93.558	N/A	30,000
Passed through the New York State Office of Temporary and Disability Assistance - Temporary Assistance for Needy Families	93.558	N/A	51,635
Passed through the Non-Profit Assistance Corporation - SEEDCO - ARRA - Temporary Assistance for Needy Families	93.558	N/A	233,187
- ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	N/A	336,466
- Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	N/A	99,116
Passed through the New York State Homes and Community Renewal - Low Income Home Energy Assistance	93.568	C091041/2010	2,625,877
Passed through the City of New York, New York City Department of Youth and Community Development - Community Services Block Grant	93.569	N/A	320,773
- ARRA - Community Services Block Grant	93.710	N/A	67,259
Passed through the State of New York, Department of State - Community Services Block Grant	93.569	N/A	22,500
Passed through City of New York - Administration for Children's Services - Childcare and Development Block Grant	93.575	N/A	374,932
Passed through the Non-Profit Assistance Corporation - SEEDCO - Children's Health Insurance Program	93.767	N/A	56,279
Passed through the Non-Profit Assistance Corporation - SEEDCO - Medical Assistance Program	93.778	N/A	56,279
Passed through the Non-Profit Assistance Corporation - SEEDCO - Parenting Education	95.563	N/A	21,250
U.S. Department of Housing and Urban Development Passed through the Non-Profit Assistance Corporation - SEEDCO - Housing Counseling Assistance Program	14.169	N/A	64,098
Passed through the City of New York Department of Housing Preservation and Development - Community Development Block Grants/Entitlement Grants	14.218	N/A	160,000
- Section 8 Housing Choice Vouchers	14.871	N/A	88,376
Passed through the City of New York, Department of Homeless Services - ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	N/A	90,465
Passed through the Department of Youth and Community Development - Community Development Block Grants/Entitlement Grants	14.218	N/A	53,402
Department Of Justice Passed through the New York State Office of Court Administration - ARRA - Violence Against Women Formula Grants	16.588	N/A	10,000
Passed through the New York State Division of Criminal Justice Services - ARRA - Violence Against Women Formula Grants	16.588	N/A	22,500

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, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
U.S. Department of Housing & Urban Development Passed through the Non-Profit Assistance Corporation - SEEDCO - Health Career	14.244	N/A	\$ 10,736
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	868,397
U.S. Department of Energy Passed through the New York State Homes and Community Renewal - Weatherization Assistance Program	81.042	C091041/2010	734,152
- ARRA - Weatherization Assistance Program	81.042	C092241/2010	6,971,111
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	51,194
U.S. Department of Agriculture Passed through the New York State Department of Health - Child and Adult Care Food Program	10.558	N/A	383,240
U.S. Department of Agriculture Passed through The Pennsylvania State University - Integrated Programs	10.303	N/A	8,000
U.S. Department of Agriculture Passed through United Way - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	31,500
U.S. Department of Labor Employment Training Administration Passed through the Non-Profit Assistance Corporation - SEEDCO - WIA Adult Program	17.258	N/A	<u>56,000</u>
Total Expenditures of Federal Awards			<u>\$ 14,088,026</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, 2011**

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Reportable condition(s) identified
not considered to be material weaknesses? Yes X None reported

Non-compliance material to financial statements noted? Yes X No

Federal Awards

Internal Control over major programs: Unqualified

Material weakness(es) identified? Yes X No

Reportable condition(s) identified
not considered to be material weaknesses? Yes 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>
ARRA - Violence Against Women Formula Grants	16.588	\$ 32,500
Weatherization Assistance Program	81.042	734,152
ARRA - Weatherization Assistance Program	81.042	6,971,111
Low Income Home Energy Assistance	93.568	2,625,877
Temporary Assistance for Needy Families	93.558	245,937
ARRA -Temporary Assistance for Needy Families	93.558	233,187
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	336,466
Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	99,116

Dollar threshold used to distinguish
between Type A and Type B programs: \$422,641

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, 2011

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, 2011

Status of Prior Year Findings

There were no prior year findings.