CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

HOUSING WORKS, INC. AND AFFILIATES

For the year ended June 30, 2009,
with comparative information for the year ended June 30, 2008

CONTENTS

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Housing Works, Inc. and Affiliates:

We have audited the accompanying consolidated statements of financial position of Housing Works, Inc. and Affiliates (collectively, the "Organization") as of June 30, 2009, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's fiscal 2008 consolidated financial statements and, in our report dated January 28, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. 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 the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Housing Works, Inc. and Affiliates as of June 30, 2009, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the Organization's basic consolidated financial statements taken as a whole. The supplementary information, included in the accompanying consolidating schedule of financial position as of June 30, 2009 and the consolidating schedule of revenues and expenses for the year ended June 30, 2009, is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Grant Thornton LLP

New York, New York
December 11, 2009

Housing Works, Inc. and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2009 and 2008

ASSETS	2009	2008
Current assets:		
Cash	$ 554,756	$ 196,205
Medicaid receivables	2,266,477	2,118,076
Grants and contract services receivable	915,362	740,041
Contributions receivable	151,090	-
Thrift shop and bookstore inventory, net	5,440,176	4,516,431
Prepaid expenses and other assets	481,773	390,768
Total current assets	9,809,634	7,961,521
Long-term assets:		
Debt service and contingency reserve funds (Note E)	401,832	394,515
Security deposits and other assets	1,898,611	1,733,651
Investment in related entities (Note D)	-	33,773
Property and equipment, net (Note C)	23,504,813	24,730,965
Total long-term assets	25,805,256	26,892,904
Total assets	$ 35,614,890	$ 34,854,425
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 5,495,338	$ 4,142,587
Current maturities of loans payable (Note E)	2,983,204	3,366,050
Due to government agency - current portion (Note F)	235,734	-
Total current liabilities	8,714,276	7,508,637
Long-term liabilities:		
Loans payable (Note E)	10,630,210	11,745,195
Due to government agency (Note F)	276,135	-
Deferred rent payable	519,595	374,609
Other liabilities	68,928	6,131
Total long-term liabilities	11,494,868	12,125,935
Total liabilities	20,209,144	19,634,572
Commitments and contingencies (Note I)		
Net assets:		
Unrestricted	14,292,678	14,110,921
Temporarily restricted	458,333	458,333
Permanently restricted (Note G)	654,735	650,599
Total net assets	15,405,746	15,219,853
Total liabilities and net assets	$ 35,614,890	$ 34,854,425

The accompanying notes are an integral part of these consolidated statements.

Housing Works, Inc. and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2009, with comparative totals for the year ended June 30, 2008

	2009				
	Unrestricted	Temporarily Restricted	Permanently Restricted	**Total**	2008 Total
Operating revenues and other support:					
Grants and contract services	$ 6,463,805	$ -	$ -	**$ 6,463,805**	$ 5,842,020
Bookstore sales	2,056,933	-	-	**2,056,933**	1,684,500
Thrift shops sales	11,319,050	-	-	**11,319,050**	10,803,305
Medicaid revenue	18,706,602	-	-	**18,706,602**	16,889,504
In-kind contributions	14,299,728	-	-	**14,299,728**	14,459,431
Contributions	957,899	550,000	4,136	**1,512,035**	2,032,852
Rental income on apartments	845,706	-	-	**845,706**	563,753
Food services	213,765	-	-	**213,765**	246,631
Other revenue	678,246	-	-	**678,246**	308,558
Net assets released from restrictions	550,000	(550,000)	-	**-**	-
Total revenues and other support	56,091,734	-	4,136	**56,095,870**	52,830,554
Expenses:					
Program services:					
Housing programs	4,402,781	-	-	**4,402,781**	4,066,346
Bookstore	3,730,326	-	-	**3,730,326**	3,168,075
Thrift shops	20,659,382	-	-	**20,659,382**	18,969,265
Health and service programs	17,424,538	-	-	**17,424,538**	16,811,199
Food services	1,731,262	-	-	**1,731,262**	1,363,637
Advocacy, legal and advisory services	1,677,740	-	-	**1,677,740**	1,748,084
Research	26,689	-		**26,689**	18,110
Property and facility management	1,722,342	-	-	**1,722,342**	1,025,546
Total program expenses	51,375,060	-	-	**51,375,060**	47,170,262
Management and general	3,870,182	-	-	**3,870,182**	3,686,202
Fundraising	664,735	-	-	**664,735**	442,771
Total expenses	55,909,977	-	-	**55,909,977**	51,299,235
Increase in net assets	181,757	-	4,136	**185,893**	1,531,319
Net assets, beginning of year	14,110,921	458,333	650,599	**15,219,853**	13,688,534
Net assets, end of year	$ 14,292,678	$ 458,333	$ 654,735	**$ 15,405,746**	$ 15,219,853

The accompanying notes are an integral part of this consolidated statement.

Housing Works, Inc. and Affiliates

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2009, with comparative totals for the year ended June 30, 2008

	Program Expenses												
	Housing Programs	Bookstore	Thrift Shops	Health and Service Programs	Food Services	Advocacy, Legal and Advisory Services	Research	Property and Facility Management	Total Program Expenses	Management and General	Fundraising	**2009 Total Expenses**	2008 Total Expenses
Salaries and wages	$ 1,423,788	$ 530,341	$ 3,590,571	$ 8,909,684	$ 544,021	$ 838,705	$ -	$ 1,231,648	$ 17,068,758	$ 1,531,353	$ 187,199	**$ 18,787,310**	$ 16,975,578
Fringe benefits	346,842	129,196	874,692	2,170,476	132,526	204,316	-	300,040	4,158,088	325,074	38,718	**4,521,880**	3,892,619
Professional service fees	98,525	25,604	52,335	380,830	4,370	34,094	25,624	7,330	628,712	230,916	59,791	**919,419**	1,149,813
Contracted services	76,223	41,495	536,315	801,465	213,537	52,441	596	22,143	1,744,215	101,353	8,869	**1,854,437**	1,272,880
Client stipends and reimbursements	13,284	468	-	233,852	16,814	14,740	-	-	279,158	17,207	-	**296,365**	246,792
Supplies	103,677	44,102	218,475	272,986	29,805	16,205	-	86,500	771,750	40,057	11,946	**823,753**	798,388
Occupancy:													
Office	46,375	267,797	2,552,264	1,052,892	-	93,077	-	12,219	4,024,624	236,219	26,786	**4,287,629**	4,365,357
Client	501,325	-	-	-	-	-	-	-	501,325	-	-	**501,325**	386,863
Utilities:													
Office	197,391	119,970	316,034	619,626	12,670	47,923	171	23,826	1,337,611	231,038	7,468	**1,576,117**	1,494,655
Client	128,208	-	1,652	719	-	2,249	-	-	132,828	-	-	**132,828**	85,848
Transportation	40,162	1,006	171,464	573,132	14,023	117,726	-	7,602	925,115	7,837	298	**933,250**	952,919
Equipment rental, repairs and maintenance	109,031	39,080	65,040	222,745	33,653	10,789	23	8,350	488,711	-	551	**489,262**	525,753
Facility repairs and maintenance	107,890	20,067	16,013	44,600	23	46	-	5,324	193,963	5,135	10	**199,108**	240,759
Client participation expenses	59,585	94,534	71,329	226,411	712,690	13,428	-	1,838	1,179,815	1,850	1,967	**1,183,632**	1,228,705
Staff expense	5,228	2,544	3,114	69,271	225	19,054	-	75	99,511	181,948	2,221	**283,680**	149,788
Insurance expense	51,501	17,042	106,447	250,793	9,676	19,526	275	9,967	465,227	41,617	4,239	**511,083**	497,285
Depreciation and amortization	452,164	41,384	188,521	765,619	2,750	-	-	2,295	1,452,733	520,801	-	**1,973,534**	1,952,781
Interest and finance fees	36,602	18,136	251,068	739,145	1,784	659	-	2,783	1,050,177	271,236	922	**1,322,335**	1,288,049
Gifts-in-kind expense	-	2,056,933	11,319,050	-	-	-	-	-	13,375,983	-	-	**13,375,983**	12,487,805
Events expense	-	-	-	-	-	166,165	-	-	166,165	-	309,094	**475,259**	403,777
Government agency refund	589,335	-	-	-	-	-	-	-	589,335	-	-	**589,335**	-
Other expenses	15,645	280,627	324,998	90,292	2,695	26,597	-	402	741,256	126,541	4,656	**872,453**	902,821
Total expenses	$ 4,402,781	$ 3,730,326	$20,659,382	$17,424,538	$ 1,731,262	$ 1,677,740	$ 26,689	$ 1,722,342	$ 51,375,060	$ 3,870,182	$ 664,735	**$ 55,909,977**	$ 51,299,235

The accompanying notes are an integral part of this consolidated statement.

Housing Works, Inc. and Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Increase in net assets	**$ 185,893**	$ 1,531,319
Adjustments to reconcile increase in net assets to net cash provided by operating		
Depreciation and amortization	**1,973,534**	1,952,781
Reserve on investments in related entities	**113,773**	-
Contributions restricted for endowment	**(4,136)**	(45,188)
Net depreciation in fair value of investments	**-**	24,060
Gain on sale of property and equipment	**(9,152)**	-
Loan forgiveness	**(250,000)**	-
Changes in operating assets and liabilities:		
Increase in Medicaid receivables	**(148,401)**	(48,697)
(Increase) decrease in grants and contract services receivable	**(175,321)**	176,608
(Increase) decrease in contributions receivable	**(151,090)**	174,500
Increase in thrift shop and bookstore inventory	**(923,745)**	(1,938,293)
(Increase) decrease in prepaid expenses and other assets	**(91,005)**	326,911
(Increase) decrease in security deposits and other assets	**(164,960)**	61,061
(Increase) decrease in investment in related entities	**(80,000)**	55,839
Increase (decrease) in accounts payable and accrued expenses	**1,352,751**	(725,932)
Increase in due to government agency	**511,869**	-
Increase in deferred rent payable	**144,986**	128,482
(Decrease) increase in other liabilities	**62,797**	3,031
Net cash provided by operating activities	**2,347,793**	1,676,482
Cash flows from investing activities:		
Purchases of property and equipment	**(886,231)**	(2,433,742)
Proceeds from sale of property and equipment	**148,001**	-
Decrease in debt service and contingency reserve funds	**(7,317)**	(18,533)
Endowment redemptions	**-**	1,441,490
Net cash used in investing activities	**(745,547)**	(1,010,785)
Cash flows from financing activities:		
Proceeds from loans payable	**342,621**	150,598
Repayments of loans payable	**(1,590,452)**	(1,007,343)
Contributions restricted for endowment	**4,136**	45,188
Net cash used in financing activities	**(1,243,695)**	(811,557)
Net increase (decrease) in cash	**358,551**	(145,860)
Cash, beginning of year	**196,205**	342,065
Cash, end of year	**$ 554,756**	$ 196,205
Supplemental cash flow information:		
Interest paid	**$ 704,564**	$ 863,725

Noncash items included approximately $14,400,000 of donated clothing, furniture, books, etc., in each of the years ended June 30, 2009 and 2008.

The accompanying notes are an integral part of these consolidated statements.

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES

Housing Works, Inc. ("HWI") was organized in May 1990 for the purpose of providing assistance and expertise to homeless persons living with AIDS or HIV-related illnesses; advocating for homeless services; and providing expertise in the development of housing for homeless persons living with AIDS or HIV-related illnesses.

To assist in providing these services, HWI established the following separately incorporated not-for-profit affiliates (collectively, the "Organization"), which, through sole membership, are controlled by HWI:

Housing Works Used Book Café, Inc. (the "Bookstore") was organized exclusively for the benefit of and to carry out the purposes of HWI by providing relief, assistance and financial support, directly or indirectly, to homeless persons living with AIDS or HIV-related illnesses. The Bookstore sells primarily donated books and records; the café serves sandwiches, soups and assorted refreshments and hosts special events. During fiscal 2009, the Bookstore applied for 501(c)(3) status with the IRS, and is awaiting confirmation of that status.

Housing Works Thrift Shop, Inc. ("Thrift") was organized exclusively for the benefit of and to carry out the purposes of HWI by providing relief, assistance and financial support, directly or indirectly, to homeless persons living with AIDS or HIV-related illnesses. Thrift receives and sells primarily clothing and other donated goods from nine shops located in New York City.

Housing Works Food Services, Inc. ("HWFSC") was organized exclusively for the benefit of and to carry out the purposes of HWI by providing relief, assistance and financial support, directly or indirectly, to homeless persons living with AIDS or HIV-related illnesses. HWFSC provides institutional catering services to day treatment centers, supportive residences and other facilities, including community catering.

Housing Works Health Services, Inc. ("HWS1"), located at 743-749 East 9th Street, New York City, was organized to establish one or more freestanding diagnostic and treatment facilities; be licensed under Article 28 of the New York State health law; and be located in New York City. These facilities provide a broad range of health services to persons living with AIDS or HIV-related illnesses. In addition, HWS1 promotes and carries out certain research and educational activities related to providing care to the sick, injured and disabled, and promoting the health of the public.

NOTE A (continued)

Housing Works Health Services II, Inc. ("HWS2"), with facilities located at 320 West 13th Street, New York City, and 57 Willoughby Street, Brooklyn, New York, was organized to establish one or more freestanding diagnostic and treatment facilities; be licensed under Article 28 of the New York State health law; and be located in New York City. The 13th Street facility provides a broad range of health services to persons living with AIDS or HIV-related illnesses; the Willoughby Street facility provides the same services to women. In addition, HWS2 promotes and carries on certain research and educational activities related to providing care to the sick, injured and disabled, and promoting the health of the public.

Housing Works Health Services III, Inc. ("HWS3"), located at 2626 Pitkin Avenue, Brooklyn, New York, was organized to establish one or more freestanding diagnostic and treatment facilities; be licensed under Article 28 of the New York State health law; and be located in New York City. This facility provides a broad range of health services to persons living with AIDS or HIV-related illnesses. In addition, HWS3 promotes and carries on certain research and educational activities related to providing care to the sick, injured and disabled, and promoting the health of the public.

Gotham Assets Management Services ("Gotham") is a for-profit corporation established to provide property management and logistical services to the Organization. Gotham has applied for tax exempt status under Section 501(a) of the Internal Revenue Code but has not yet received exemption.

Housing Works Housing Development Fund Corporation ("HWDC1"), located at 743-749 East 9th Street, New York City, was organized to develop a housing project for homeless or formerly homeless persons of low income with AIDS or HIV-related illnesses.

Housing Works East New York Housing Development Fund Corporation ("HWDC2"), located at 2640 Pitkin Avenue, Brooklyn, New York, was organized to develop a housing project for homeless or formerly homeless persons of low income with AIDS or HIV-related illnesses.

Housing Works Harlem Housing Development Fund Corporation, Inc. ("HWDC3"), located at 143-145 West 130th Street, New York City, was organized to develop a housing project for homeless or formerly homeless persons of low income with AIDS or HIV-related illnesses.

Housing Works Brooklyn Housing Development Fund Corporation, Inc. ("HWBHDFC"), located at 208 Montauk Avenue, Brooklyn, New York, was organized to develop a housing project for homeless or formerly homeless persons of low income with AIDS or HIV-related illnesses. During fiscal 2009, the property at 208 Montauk Avenue was sold and a gain of approximately $9,000 was recognized.

NOTE A (continued)

Housing Works Pitkin Avenue Housing Development Fund Corporation, Inc. ("PitkinHDFC"), located at 2609 Pitkin Avenue, Brooklyn, New York, was organized to develop a housing project for homeless or formerly homeless persons of low income with AIDS or HIV-related illnesses.

Housing Works 454 Lexington Avenue Housing Development Fund Corporation, Inc. ("LEX"), located at 454 Lexington Avenue, New York City, was organized to develop a housing project for homeless or formerly homeless persons of low income with AIDS or HIV-related illnesses.

Housing Works 874 Jefferson Avenue Housing Development Fund Corporation, Inc. ("JEFF"), located at 874 Jefferson Avenue, Brooklyn, New York, was organized to develop a housing project for homeless or formerly homeless persons of low income with AIDS or HIV-related illnesses.

Housing Works, Inc. and Affiliates, except the Bookstore and Gotham, were incorporated as not-for-profit corporations under the laws of the State of New York and are classified as 501(c)(3) organizations, which are exempt from income taxes under Section 501(a) of the Internal Revenue Code. The Bookstore and Gotham have applied for tax exempt status under Section 501(a) of the Internal Revenue Code but have not yet received exemption. Therefore, no provision for income taxes has been made in the accompanying consolidated financial statements for these organizations.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Presentation*

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America using the accrual basis of accounting. All intercompany transactions and balances have been eliminated in consolidation. The Organization's net assets and related revenues and support are classified based upon the existence or absence of donor-imposed stipulations, as follows:

Unrestricted Net Assets
Net assets that are expendable for the general operations of the Organization.

Temporarily Restricted Net Assets
Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of the Organization pursuant to those stipulations. At June 30, 2009 and 2008, temporarily restricted net assets were restricted for use in the Organization's mental health programs.

NOTE B (continued)

Permanently Restricted Net Assets
Net assets whose use by the Organization is limited by donor-imposed stipulations requiring such resources to be maintained in perpetuity and the income there from be utilized for operating or other donor-restricted purposes (Note G).

For the years ended June 30, 2009 and 2008, the Organization received $4,136 and $45,188, respectively, in permanently restricted contributions, to be included within the endowment fund established in the memory of a deceased co-president.

2. *Thrift Shop and Bookstore Inventory*

Inventory, which consists of donated goods for the thrift shops and bookstores, is stated at estimated fair value at the date of the gift. Fair value is determined using sales history and as such approximates the actual sales price of the donated items.

3. *Property and Equipment, Net*

Property and equipment, net, are stated at cost at date of acquisition or fair value at date of contribution, if donated. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. Amortization of leasehold improvements has been calculated over the lesser of the estimated useful lives of the assets or the related lease term. The Organization depreciates its assets using the half-year convention method in the first year the assets are placed in service. Assets are depreciated over the following useful lives:

Buildings and building improvements	30 years
Leasehold improvements	Lesser of the life of the lease or the asset – 4 -15 years
Equipment, furniture and fixtures	5-20 years
Vehicles	4 years

4. *Long-Lived Assets*

The Organization follows the guidance of Financial Accounting Standards Board (the “FASB”) Statement No. 144, “Accounting for the Impairment or Disposal of Long-lived Assets.” The Organization reviews long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Some factors the Organization considers important, which could trigger an impairment review, include: (i) significant underperformance compared to expected historical or projected future operating results; (ii) significant changes in the Organization’s use of the acquired assets or the strategy for its overall business; and (iii) significant negative industry or economic trends.

NOTE B (continued)

5. *Contributions*

Contributions, both cash and in-kind, are recorded as unrestricted, temporarily restricted or permanently restricted revenue depending upon the existence or absence of donor-imposed stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statement of activities as net assets released from restrictions. All contributions receivable are expected to be collected within one year.

In-kind contributions of clothing, books and various other items are recorded as revenue and also capitalized as part of the Organization's inventory. Upon the sale of these goods, an in-kind expense is recorded to relieve the inventory and record the related gift-in-kind expense of the goods sold.

6. *Revenues*

Revenues from government grants and contracts, including Medicaid, are recognized in the period when expenditures have been incurred or services have been performed in compliance with the respective contracts. Contracts awarded for the acquisition of long-lived assets are reported as deferred revenue until the assets are acquired, at which time the award is recorded as unrestricted revenue. Revenues from the Thrift Shop and Bookstore are recognized at the point of sale. Rental income, which is generally earned pursuant to short-term leases for apartments, is recognized as earned. Apartment rents are paid partially by the tenants and partially subsidized through various Federal programs.

Medicaid revenue is reimbursed to the Organization at the rate determined by state regulations. Medicaid revenue and other governmental grants and contracts under third-party payor agreements are subject to examination and contractual adjustment, and amounts realizable may change due to periodic changes in the regulatory environment. Provisions for estimated third party payor settlements are provided in the period the related services are rendered. Differences between the amounts provided and subsequent settlements are recorded in operations in the period of settlement. The provision for contractual allowances is deducted directly from revenue and the net revenue amount is recorded as accounts receivable. It is management's opinion that any potential disallowances will not have a material effect on the accompanying consolidated financial statements.

NOTE B (continued)

7. *Allowance for Uncollectible Accounts*

Grants and contracts receivables and contributions receivable outstanding longer than the payment terms are considered past due. Accounts receivable, net of allowance for doubtful accounts, not expected to be collected within one year of the consolidated statement of financial position date, are recorded at net present value. The Organization determines its allowance by considering a number of factors, including the length of time receivables are past due, the Organization's previous loss history, the donor's current ability to pay its obligation, and the condition of the general economy and the industry as a whole. The Organization writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

8. *Start-Up Costs*

Prior to fiscal 2008, in order to ensure the successful start-up of the Adult Day Health Care programs, the Dormitory Authority of the State of New York ("DASNY") authorized the inclusion of start-up and initial occupancy expense funds in the mortgage financing, which is the standard procedure for the development of state-financed healthcare facilities. These costs were financed by the respective mortgages (Note E) but, in accordance with the requirements of accounting principles generally accepted in the United States of America, were reflected as operating expenses when incurred. There were no such costs incurred during the years ended June 30, 2009 and 2008.

9. *Concentration of Credit Risk*

Cash is exposed to various risks, such as interest rate, market and credit risks. To minimize such risks, the Organization maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits. At June 30, 2009 and 2008, the Organization's cash was placed with high credit quality financial institutions and, accordingly, the Organization does not expect nonperformance.

10. *Fair Value of Financial Instruments*

The carrying amounts of cash, receivables, prepaid expenses and other assets, accounts payable and accrued expenses, and other liabilities approximate fair value due to the short-term maturity of these financial instruments. The Organization's long-term debt approximates fair value based on the quoted market prices for the same or similar issues or on the current rates offered to the Organization for debt of the same remaining maturities.

NOTE B (continued)

11. *Use of Estimates*

The preparation of consolidated 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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

12. *Presentation of Certain Prior Year Summarized Information*

The accompanying consolidated financial statements include prior year summarized information in total but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements as of and for the year ended June 30, 2008, from which the summarized information was derived.

13. *Reclassifications*

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year. For the year ended June 30, 2008, a reclassification adjustment of $12,487,805 was recorded pertaining to in-kind contributions in order to properly reflect in-kind contributions and gifts in-kind expense on a gross basis in the accompanying consolidated financial statements. This reclassification adjustment did not have any impact on the change in net assets.

14. *New Accounting Pronouncements*

In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Only tax positions meeting the more-likely-than-not recognition threshold at the effective date may be recognized or continue to be recognized upon adoption of this interpretation. FIN 48 also provides guidance on accounting for derecognition, interest and penalties, and classification and disclosure of matters related to uncertainty in income taxes. For certain non-public entities, FIN 48 is effective for fiscal years beginning after December 15, 2008. FIN 48 will require adjustment to the opening balance of net assets for the cumulative effect of the difference in the net amount of assets and liabilities for all open tax positions not meeting the more-likely-than-not recognition threshold at

NOTE B (continued)

the effective date. The Organization is assessing the impact, if any, which the adoption of FIN 48 will have on the consolidated financial position, changes in net assets and cash flows. However, as per FASB Staff Position ("FSP") FIN 48-3, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises," the Organization has elected to defer the effective date of FIN 48 until fiscal 2010.

NOTE C - PROPERTY AND EQUIPMENT, NET

At June 30, 2009 and 2008, property and equipment, net, consisted of the following:

	2009	2008
Land	**$ 809,209**	$ 834,209
Buildings and building improvements	**13,741,882**	11,277,843
Equipment, furniture and fixtures	**6,099,582**	5,640,697
Vehicles	**382,699**	382,699
Leasehold improvements	**17,881,532**	17,905,219
	38,914,904	36,040,667
Less: Accumulated depreciation and amortization	**(15,586,394)**	(13,809,515)
Construction in progress	**176,303**	2,499,813
	$ 23,504,813	$ 24,730,965

As of June 30, 2009 and 2008, the Organization had capitalized interest of approximately $24,300 and $91,700, respectively, which was included within prepaid expenses and other assets in the accompanying consolidated statements of financial position.

A portion of the Organization's property and equipment was purchased with funding received from the U.S. Department of Health and Human Services and the U.S. Department of Housing and Urban Development. Funding for certain capital expenditures was provided with the stipulation that if the Organization ceases to operate certain programs the property and equipment could revert to the funding source.

NOTE C (continued)

Capital Leases

The Organization leases various office equipment under noncancelable leasing arrangements that are classified as capital leases. The related cost and accumulated depreciation included in property and equipment in the accompanying consolidated statement of financial position, at June 30, 2009, were as follows:

Equipment	**$ 419,782**
Less: Accumulated depreciation	**(270,754)**
	$ 148,028

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, included within accounts payable and accrued expenses in the accompanying consolidated statement of financial position, are as follows at June 30, 2009:

Year ending June 30,	
2010	$ 94,620
2011	51,976
2012	12,720
2013	1,060
	160,376
Less: Amount representing interest	(4,711)
	$ 155,665

NOTE D - INVESTMENTS

Related Entities

On June 6, 2003, the Organization acquired a 25% ownership interest in a management service organization (the "MSO") for $260,000. This investment is accounted for under the equity method. At June 30, 2009 and 2008, the investment was valued at $0 and $33,773, respectively. The Organization recorded an impairment at June 30, 2009, due to the MSO's accumulated deficit. The MSO provided financial management services to the Organization during the years ended June 30, 2009 and 2008, for which the Organization paid approximately $1,400,000 in each year.

NOTE D (continued)

During fiscal 2003, the Organization acquired an 18% ownership interest in VidaCare, Inc. for $300,000. This investment is accounted for at cost. An $300,000 impairment of this investment was recorded during fiscal 2005. During the years ended June 30, 2007 and 2009, the Organization contributed additional capital of $40,000 and $80,000, respectively. No amounts were contributed during the year ended June 30, 2008. At June 30, 2009 and 2008, the investment in Vida Care, Inc. was fully reserve for since Vida Care, Inc. had an accumulated deficit at that time. In addition, the Organization has entered into and guaranteed loans on behalf of Vida Care, Inc. (Note E).

NOTE E - LOANS PAYABLE

At June 30, 2009 and 2008, loans payable consisted of the following:

	2009	2008
Line of credit - $2,000,000 secured by current receivables, bearing interest at the prime rate plus 1% (4.25% and 6.00% at June 30, 2009 and 2008, respectively). In accordance with the term of an extension agreement, the Organization paid down the outstanding balance by $630,000 during September 2008. A replacement line of credit was executed on June 30, 2009 in the amount of $1,000,000, bearing interest at a stated rate of 4.00%. The termination date is January 31, 2010.	**$ 973,535**	$ 1,605,000
Mortgage payable - $4,285,000 face amount, due July 2022, payable in monthly installments with interest at 4% per annum. The mortgage is with DASNY and is secured by the related property at 2626 Pitkin Avenue, Brooklyn, New York.	**4,065,000**	4,193,333
Mortgage payable - $3,925,000 face amount, due July 2022, payable in monthly installments with interest at 4% per annum. The mortgage is with DASNY and is secured by the related property at 743-749 East 9th Street, New York City.	**3,725,000**	3,844,167
Mortgage payable - $1,135,000 face amount, due July 2013, payable in monthly installments with interest at 4% per annum. The mortgage is with DASNY and is secured by the related property at 320 West 13th Street, New York City.	**865,000**	1,020,833
Mortgage payable - $220,500 face amount, due June 2016, payable in monthly installments of $2,044 with interest at 7.50% per annum. The mortgage was secured by the related property at 208 Montauk Avenue, Brooklyn, New York. This loan was through the Low Income Housing Fund. During fiscal 2009 the property was sold and the Mortgage balance paid off.	**-**	146,103

NOTE E (continued)

	2009	2008
Mortgage payable - $282,621 face amount, due February 2009, payable in monthly installments of $2,692 with interest at 7.75% per annum. The mortgage is secured by the property at 2609 Pitkin Avenue, Brooklyn, New York. The loan is through the Low Income Housing Fund. During July 2009, the mortgage was refinanced in the amount of $249,000 in connection with renovations made to the property. The loan bears an interest rate of 7.75% per annum, and is scheduled to mature July 1, 2021.	**$ 186,291**	$ 202,053
Mortgage payable - $327,000 face amount, due five years after the conversion from a construction loan facility to a mortgage, which occurred on February 1, 2009. The mortgage is payable in monthly installments of $3,004 with interest of 7.5% per annum, based on a 15-year amortization schedule with the final payment of unpaid principal and interest due on February 1, 2014. The mortgage is secured by the property at 874 Jefferson Avenue, Brooklyn, New York. During fiscal 2009, the conversion was extended to August 1, 2009. The loan is through the Low Income Housing Fund.	**327,000**	327,000
Loan payable - $250,000 face amount, for a term not to exceed 60 months from October 3, 2002, payable to DASNY. The loan is funded through the State of New York Department of Health Revolving Loan Fund, and the proceeds used exclusively for HIV Special Needs Plans' governance for VidaCare, Inc. The loan was forgiven by DASNY during fiscal 2009.	**-**	250,000
Loan payable - $75,000 face amount, payable in equal semi-annual installments of $7,500, due July 1 and January 1 of each year through the final payment due date of January 1, 2008. Interest is 5% per annum. The loan is through the Corporation for Supportive Housing.	**30,000**	30,000
Loan payable - $956,000 face amount with a maturity date of July 30, 2014, payable in monthly installments of $10,865, including interest of 6.52% per annum. The loan is through the Primary Care Development Corporation.	**570,596**	653,286
Loan payable - $128,571 representing the Organization's pro rata share of a loan guaranteed by the partners of VidaCare, Inc. The loan is payable by VidaCare, Inc. to FJC at an interest rate of 9% per annum. During fiscal 2005, the Organization commenced making quarterly interest-only payments on the loan in the amount of $2,895.	**128,571**	128,571

NOTE E (continued)

	2009	2008
Loan payable - $500,000 face amount payable in monthly payments of principal and interest beginning the first month after the conversion from a construction loan facility to a mortgage. Interest is 6.5% per annum over an amortization period of 10 years. During the years ended June 30, 2009 and 2008, additional funds totaling $379,122 had been drawn down on the loan to cover construction costs. The loan is through the Low Income Investment Fund and matures on October 1, 2013.	**$ 466,960**	$ 399,308
Loan payable - $2,400,000 term note comprised of multiple advances bearing interest of 6.77% per annum. The unpaid principal and interest are to be paid in 108 equal consecutive monthly installments beginning on November 1, 2007.	**1,955,555**	2,222,224
Line of credit - $300,000 secured by property and accounts of Thrift, bearing interest at 0.75% above a base rate as announced periodically by the lender (4.00% and 5.00% at June 30, 2009 and 2008, respectively). On September 30, 2009, the line of credit was extended through January 1, 2010.	**299,366**	74,367
Loan payable - $70,000 face amount, payable with interest on October 1, 2009. The loan bears interest of 7% per annum. The loan is through the Low Income Investment Fund.	**20,540**	15,000
Total loans payable	**13,613,414**	15,111,245
Less: Current maturities	**(2,983,204)**	(3,366,050)
Long-term portion	**$ 10,630,210**	$ 11,745,195

Future principal payments on loans payable are as follows at June 30, 2009:

Year ending June 30,	
2010	$ 2,983,204
2011	1,175,712
2012	1,225,602
2013	1,001,187
2014	1,244,720
Thereafter	5,982,989
	$ 13,613,414

NOTE E (continued)

For the years ended June 30, 2009 and 2008, interest expense totaled $704,564 and $863,725, respectively.

At June 30, 2009 and 2008, debt service and contingency reserve funds of approximately $402,000 and $395,000, respectively, consisted of government bonds and cash on deposit with the trustee in accordance with the DASNY bond indentures and collateral with financial institutions as required by the respective loan agreements.

Mortgage loans provided by DASNY included funding for start-up costs.

NOTE F - DUE TO GOVERNMENT AGENCY

In connection with one of its housing development projects, beginning in fiscal 2006, the Organization began drawing funds on a grant agreement with the U. S. Department of Housing and Urban Development ("HUD"). Since the projects start date was October 1, 2008, the draws on the agreement commenced approximately two years before the facility became occupied. HUD has taken the position that this was not consistent with the terms of the grant agreement, and has asked the Organization to repay approximately $590,000 in draws taken during the aforementioned two-year period. The Organization has agreed to repay the funds in equal monthly installments between April 2009 and September 30, 2011, the expiration date of the grant term.

NOTE G - ENDOWMENTS

During fiscal 2006, the Organization established two endowment investments. One was established in the name of Keith Cylar and the other as a general endowment. The Organization has received permission from the two largest contributors to the endowment stating that the funds they contributed could be borrowed to cover operating costs. As such, during fiscal 2008, the Organization liquidated these investments in order to cover certain operating costs. It is management's intention to replenish the investment accounts in future years.

In August 2008, the FASB issued Staff Position ("FSP") 117-1, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), and Enacted Disclosures for All Endowment Funds" ("FSP FAS 117-1"). FSP FAS 117-1 requires an organization subject to an enacted version of the Uniform Management of Institutional Funds Act ("UMIFA") to classify a portion of perpetual donor-restricted endowment funds as permanently restricted net assets. Although New York State has not yet

NOTE G (continued)

adopted UPMIFA, FSP FAS 117-1 requires all not-for-profit organizations with donor-restricted or board-designated endowment funds to make new disclosures about such funds. FSP FAS 117-1 is effective for fiscal years ending after December 15, 2008 and as such the Organization has implemented the disclosure requirements of this new accounting standard for the year ended June 30, 2009. At June 30, 2009 and 2008, the Organization did not maintain any board designated (quasi) endowment funds.

	Unrestricted	Permanently Restricted	**Total**
Endowment net assets, beginning of year	$ 459	$ 650,599	**$ 651,058**
Investment loss, net	(652)	-	**(652)**
Contributions	-	4,136	**4,136**
Total change in endowment	(652)	4,136	**3,484**
Endowment net assets, end of year	$ (193)	$ 654,735	**$ 654,542**

NOTE H – DEFINED CONTRIBUTION PLAN

The Organization established a defined contribution plan for all eligible employees effective December 21, 1999. Effective July 1, 2008, after modifying the plan, the Organization began matching, up to a maximum of $100 per month, each employee's contribution to the 403(b) plan. Employees are all immediately 100% vested in the match. The Organization's contribution for the year ended June 30, 2009 was 9,600.

NOTE I - COMMITMENTS AND CONTINGENCIES

The Organization is party to various noncancelable operating leases. These leases require minimum monthly rental payments during the first year of each lease and have scheduled increases thereafter.

Future minimum lease payments under these noncancelable operating leases are as follows at June 30, 2009:

Year ending June 30,	
2010	$ 4,221,459
2011	3,919,916
2012	3,602,186
2013	3,225,851
2014	2,766,900
Thereafter	6,280,200
	$ 24,016,512

NOTE I (continued)

For the years ended June 30, 2009 and 2008, rent expense totaled approximately $4,789,000 and $4,752,000, respectively. Several leases contain escalation clauses for various expenses.

The straight-line basis is used to recognize rental expense under leases with varying rents over their terms. Deferred rent payable reflected in the accompanying consolidated statements of financial position represents the aggregate of the rent expense recognized on the straight-line basis in excess of the amount paid.

The Organization currently maintains one standby letter of credit in the name of HWI, in favor of Bets Junior Store, LLC (one of the Thrift landlords), totaling approximately $259,000.

The Organization has been named in several lawsuits in the normal course of business. In the opinion of management, these claims are not expected to have a material adverse effect on the Organization's consolidated financial position, changes in net assets or cash flows.

NOTE J - SUBSEQUENT EVENTS

In May 2009, the FASB issued Statement No. 165, "Subsequent Events" ("SFAS No. 165"), to incorporate the accounting and disclosure requirements for subsequent events into accounting principles generally accepted in the United States of America. SFAS No. 165 introduces new terminology, defines a date through which management must evaluate subsequent events, and lists the circumstances under which an entity must recognize and disclose events or transactions occurring after the consolidated statement of financial position date. The Organization adopted SFAS No. 165 as of June 30, 2009, which was the required effective date.

The Organization evaluated its June 30, 2009 consolidated financial statements for subsequent events through December 11, 2009, the date the consolidated financial statements were available to be issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

Housing Works, Inc. and Affiliates

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

As of June 30, 2009

ASSETS	HWI	Bookstore	Thrift	HWS1	HWS2	HWS3	HWFSC	HWDC1	HWDC2	HWDC3	HWBHDFC	PitkinHDFC	Gotham	Willoughby	LEX	JEFF	Consolidated
CURRENT ASSETS:																	
Cash	$ 374,097	$ 8,500	$ 118,836	$ 3,200	$ 5,500	$ 2,000	$ 5,000	$ -	$ 1,000	$ 1,550	$ -	$ -	$ 29,778	$ 3,795	$ 1,000	$ 500	**$ 554,756**
Medicaid receivables	441,715	-	-	414,698	647,971	453,762	-	-	-	-	-	-	-	308,331	-	-	**2,266,477**
Grants and contract services receivable	283,852	-	-	78,526	-	77,047	-	57,126	87,515	156,611	-	-	-	-	109,268	65,417	**915,362**
Contributions receivable	151,090	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**151,090**
Thrift shop and bookstore inventory, net	-	718,046	4,689,018	-	-	-	33,112	-	-	-	-	-	-	-	-	-	**5,440,176**
Intercompany receivable/payable	10,518,022	(85,777)	1,391,738	(2,448,629)	(626,286)	(1,646,138)	67,533	(624,074)	86,442	(1,442,693)	(234,164)	(406,329)	1,927,284	(3,951,115)	(1,803,288)	(722,526)	**-**
Prepaid expenses and other assets	219,880	49,184	17,800	-	41,611	-	14,182	7,265	2,114	2,930	-	4,192	51,496	3,319	28,285	39,515	**481,773**
TOTAL CURRENT ASSETS	11,988,656	689,953	6,217,392	(1,952,205)	68,796	(1,113,329)	119,827	(559,683)	177,071	(1,281,602)	(234,164)	(402,137)	2,008,558	(3,635,670)	(1,664,735)	(617,094)	**9,809,634**
LONG-TERM ASSETS:																	
Debt service and contingency reserve funds	-	-	-	169,511	48,476	183,845	-	-	-	-	-	-	-	-	-	-	**401,832**
Security deposits and other assets	269,494	-	447,332	491,546	117,797	478,521	-	-	-	4,885	-	71,979	-	-	8,210	8,847	**1,898,611**
Investment in related entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Property and equipment, net	1,081,643	281,338	720,433	3,199,454	816,337	2,016,875	9,625	2,262,359	2,274,061	3,764,355	-	492,382	8,618	2,665,698	3,043,804	867,831	**23,504,813**
TOTAL LONG-TERM ASSETS	1,351,137	281,338	1,167,765	3,860,511	982,610	2,679,241	9,625	2,262,359	2,274,061	3,769,240	-	564,361	8,618	2,665,698	3,052,014	876,678	**25,805,256**
TOTAL ASSETS	$ 13,339,793	$ 971,291	$ 7,385,157	$ 1,908,306	$ 1,051,406	$ 1,565,912	$ 129,452	$ 1,702,676	$ 2,451,132	$ 2,487,638	$ (234,164)	$ 162,224	$ 2,017,176	$ (969,972)	$ 1,387,279	$ 259,584	**$ 35,614,890**
LIABILITIES AND NET ASSETS																	
CURRENT LIABILITIES:																	
Accounts payable and accrued expenses	$ 3,779,011	$ -	$ 111,571	$ 269,533	$ 289,540	$ 184,851	$ 120,307	$ 178,974	$ 27,618	$ 100,262	$ 7,669	$ 9,041	$ 99,643	$ -	$ 236,650	$ 80,668	**$ 5,495,338**
Current maturities of loans payable	986,405	-	299,367	257,002	297,003	277,003	-	-	-	-	-	186,292	30,000	266,667	35,925	347,540	**2,983,204**
Due to government agency - current portion	-	-	-	-	-	-	-	-	-	235,734	-	-	-	-	-	-	**235,734**
TOTAL CURRENT LIABILITIES	4,765,416	-	410,938	526,535	586,543	461,854	120,307	178,974	27,618	335,996	7,669	195,333	129,643	266,667	272,575	428,208	**8,714,276**
LONG-TERM LIABILITIES:																	
Loans payable	115,700	-	-	3,658,195	758,195	3,978,196	-	-	-	-	-	-	-	1,688,889	431,035	-	**10,630,210**
Due to government agency	-	-	-	-	-	-	-	-	-	276,135	-	-	-	-	-	-	**276,135**
Deferred rent expense	49,791	-	450,586	-	-	-	-	-	-	-	-	-	-	19,218	-	-	**519,595**
Other liabilities	68,928	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**68,928**
TOTAL LONG-TERM LIABILITIES	234,419	-	450,586	3,658,195	758,195	3,978,196	-	-	-	276,135	-	-	-	1,708,107	431,035	-	**11,494,868**
TOTAL LIABILITIES	4,999,835	-	861,524	4,184,730	1,344,738	4,440,050	120,307	178,974	27,618	612,131	7,669	195,333	129,643	1,974,774	703,610	428,208	**20,209,144**
NET ASSETS:																	
Unrestricted	7,226,890	971,291	6,523,633	(2,276,424)	(293,332)	(2,874,138)	9,145	1,523,702	2,423,514	1,875,507	(241,833)	(33,109)	1,887,533	(2,944,746)	683,669	(168,624)	**14,292,678**
Temporarily restricted	458,333	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**458,333**
Permanently restricted	654,735	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**654,735**
TOTAL NET ASSETS	8,339,958	971,291	6,523,633	(2,276,424)	(293,332)	(2,874,138)	9,145	1,523,702	2,423,514	1,875,507	(241,833)	(33,109)	1,887,533	(2,944,746)	683,669	(168,624)	**15,405,746**
TOTAL LIABILITIES AND NET ASSETS	$ 13,339,793	$ 971,291	$ 7,385,157	$ 1,908,306	$ 1,051,406	$ 1,565,912	$ 129,452	$ 1,702,676	$ 2,451,132	$ 2,487,638	$ (234,164)	$ 162,224	$ 2,017,176	$ (969,972)	$ 1,387,279	$ 259,584	**$ 35,614,890**

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

Housing Works, Inc. and Affiliates

CONSOLIDATING SCHEDULE OF REVENUES AND EXPENSES

For the year ended June 30, 2009

	HWI	Bookstore	Thrift	HWS1	HWS2	HWS3	HWFSC	HWDC1	HWDC2	HWDC3	HWBHDFC	PitkinHDFC	Gotham	Willoughby	LEX	JEFF	Total Before Eliminations	Eliminations	**Total Consolidated**
Changes in Unrestricted Net Assets:																			
Operating revenues and other support:																			
Grants and contract services	$ 1,667,811	$ -	$ -	$ 436,565	$ 10,910	$ 600,127	$ -	$ 925,796	$ 1,064,990	$ 669,956	$ -	$ -	$ -	$ -	$ 597,625	$ 490,025	$ 6,463,805	$ -	**$ 6,463,805**
Bookstore sales	-	2,056,933	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,056,933	-	**2,056,933**
Thrift shops sales	-	-	11,319,050	-	-	-	-	-	-	-	-	-	-	-	-	-	11,319,050	-	**11,319,050**
Medicaid revenue	4,088,945	-	-	3,813,169	5,612,412	3,418,599	-	-	-	-	-	-	-	1,773,477	-	-	18,706,602	-	**18,706,602**
In-kind contributions	-	2,056,932	12,242,796	-	-	-	-	-	-	-	-	-	-	-	-	-	14,299,728	-	**14,299,728**
Contributions	74,716	139,557	592,766	-	600	150,000	-	-	-	-	-	-	-	260	-	-	957,899	-	**957,899**
Rental income on apartments	228,374	48,889	55,856	-	4,125	-	-	78,167	38,207	69,746	-	19,442	-	-	92,005	210,895	845,706	-	**845,706**
Food services	-	-	-	-	-	-	1,893,406	-	-	-	-	-	-	-	-	-	1,893,406	1,679,641	**213,765**
Property management income	-	-	-	-	-	-	-	-	-	-	-	-	2,082,361	-	-	-	2,082,361	2,082,361	**-**
Other revenues	479,762	34,620	193,504	23,856	8,966	7,521	-	1,848	17,550	-	9,152	72,000	57,750	13,113	-	-	919,642	241,396	**678,246**
Net assets released from restrictions	550,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	550,000	-	**550,000**
Total revenues and other support	7,089,608	4,336,931	24,403,972	4,273,590	5,637,013	4,176,247	1,893,406	1,005,811	1,120,747	739,702	9,152	91,442	2,140,111	1,786,850	689,630	700,920	60,095,132	4,003,398	**56,091,734**
Operating expenses:																			
Salaries and wages	5,828,463	530,341	3,590,571	1,679,304	1,966,773	1,278,253	544,021	254,600	293,044	193,277			1,231,648	1,052,479	160,080	184,456	18,787,310	-	**18,787,310**
Fringe benefits	1,365,004	129,196	874,692	409,093	479,120	311,394	132,526	62,023	71,383	47,085	-	-	300,040	256,392	38,997	44,935	4,521,880	-	**4,521,880**
Professional service fees	440,727	25,605	52,335	64,801	62,616	87,345	4,370	4,364	6,772	7,631	7,373	13,689	7,330	119,585	5,958	8,918	919,419	-	**919,419**
Contracted services	761,808	49,644	662,983	699,422	914,479	620,444	226,202	350,959	350,830	278,467	-	13,413	27,283	519,087	127,907	13,511	5,616,439	3,762,002	**1,854,437**
Client stipends and reimbursements	65,615	468	-	35,063	98,955	31,106	16,814	7,790	20	5,475	-	-	-	35,059	-	-	296,365		**296,365**
Supplies	131,309	44,102	218,475	46,597	43,917	47,993	29,805	8,250	12,035	44,498	156	1,351	86,500	97,586	9,052	26,127	847,753	24,000	**823,753**
Occupancy:																			
Office	912,567	267,797	2,552,264	-	344,623	-	24,000	-	-	18,249	-	-	12,219	247,717	1,569	20,174	4,401,179	113,550	**4,287,629**
Client	240,072	-	-	-	-	-	-	-	-	-	-	-	-	-	46,273	214,980	501,325	-	**501,325**
Utilities:																	-		
Office	523,362	119,970	316,035	162,956	90,614	127,413	12,670	40,078	37,023	55,380	487	3,054	23,826	29,445	29,475	4,329	1,576,117	-	**1,576,117**
Client	57,464	-	1,652	-	-	719	-	-	-	10,606	6,863	-	-	-	6,742	48,782	132,828	-	**132,828**
Transportation	246,471	1,006	171,463	121,615	188,549	105,579	14,023	238	106	899	-	-	7,602	54,326	5,438	15,935	933,250	-	**933,250**
Equipment rental, repairs and maintenance	111,516	39,080	65,040	11,326	52,391	35,387	33,653	26,809	12,637	25,588	713	302	8,350	34,839	29,775	1,856	489,262	-	**489,262**
Facility repairs and maintenance	13,423	20,067	16,013	111	23,856	5,485	23	36,611	19,711	26,139	-	2,734	5,324	7,973	14,441	7,197	199,108	-	**199,108**
Client participation expenses	55,139	116,984	71,329	32,305	83,858	41,056	712,690	7,504	284	9,546	-	193	1,838	42,657	4,098	29,440	1,208,921	25,289	**1,183,632**
Staff expense	213,052	2,544	3,114	12,918	10,702	17,170	225	-	-	625	-	-	75	22,805	250	200	283,680	-	**283,680**
Insurance expense	141,480	17,042	106,447	46,809	61,510	37,118	9,676	9,661	11,660	7,043	-	1,137	9,967	39,500	6,866	5,167	511,083		**511,083**
Depreciation and amortization	523,097	41,384	188,521	198,406	117,581	125,048	2,750	96,076	119,290	126,975	7,438	20,312	2,295	324,584	78,336	1,441	1,973,534	-	**1,973,534**
Interest and finance fees	274,351	18,136	251,067	238,904	98,841	254,515	1,784	-	-	-	6,292	17,311	2,783	145,391	10,084	2,876	1,322,335	-	**1,322,335**
Gifts-in-kind expense	-	2,056,933	11,319,050	-	-	-	-	-	-	-	-	-	-	-	-	-	13,375,983	-	**13,375,983**
Events expense	475,259	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	475,259	-	**475,259**
Government agency refund	589,335	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	589,335	-	**589,335**
Other expenses	246,483	280,626	324,998	26,261	20,906	31,683	2,695	2,359	261	1,723	-	25	402	5,733	1,535	5,320	951,010	78,557	**872,453**
Management expenses	(4,677,579)	136,835	947,854	784,833	1,062,129	674,977	78,871	78,768	95,060	40,965	-	9,258	99,862	570,130	55,918	42,119	-	-	**-**
Total expenses	8,538,418	3,897,760	21,733,903	4,570,724	5,721,420	3,832,685	1,846,798	986,090	1,030,116	900,171	29,322	82,779	1,827,344	3,605,288	632,794	677,763	59,913,375	4,003,398	**55,909,977**
Change in unrestricted net assets before entrepreneurial contributions	(1,448,810)	439,171	2,670,069	(297,134)	(84,407)	343,562	46,608	19,721	90,631	(160,469)	(20,170)	8,663	312,767	(1,818,438)	56,836	23,157	181,757	-	**181,757**
Entrepreneurial contributions	2,102,923	(407,092)	(1,643,966)	-	-	-	(51,865)	-	-	-	-	-	-	-	-	-	-	-	**-**
(Decrease) increase in unrestricted net assets	654,113	32,079	1,026,103	(297,134)	(84,407)	343,562	(5,257)	19,721	90,631	(160,469)	(20,170)	8,663	312,767	(1,818,438)	56,836	23,157	181,757	-	**181,757**
Changes in Temporarily Restricted Net Assets:																			
Contributions	550,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	550,000	-	**550,000**
Net assets released from restrictions	(550,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(550,000)	-	**(550,000)**
Increase in temporarily restricted net assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Changes in Permanently Restricted Net Assets:																			
Contributions	4,136	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,136	-	**4,136**
Increase in permanently restricted net assets	4,136	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,136	-	4,136
Changes in net assets	658,249	32,079	1,026,103	(297,134)	(84,407)	343,562	(5,257)	19,721	90,631	(160,469)	(20,170)	8,663	312,767	(1,818,438)	56,836	23,157	185,893	-	185,893
Net assets, beginning of year	7,681,709	939,212	5,497,530	(1,979,290)	(208,925)	(3,217,700)	14,402	1,503,981	2,332,883	2,035,976	(221,663)	(41,772)	1,574,766	(1,126,308)	626,833	(191,781)	15,219,853	-	**15,219,853**
Net assets, end of year	$ 8,339,958	$ 971,291	$ 6,523,633	$ (2,276,424)	$ (293,332)	$ (2,874,138)	$ 9,145	$ 1,523,702	$ 2,423,514	$ 1,875,507	$ (241,833)	$ (33,109)	$ 1,887,533	$ (2,944,746)	$ 683,669	$ (168,624)	$ 15,405,746	$ -	**$ 15,405,746**

This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.