

Consolidated Financial Statements Together with  
Report of Independent Certified Public Accountants

**HOUSING WORKS, INC. AND AFFILIATES**

For the year ended June 30, 2010,  
with comparative information for the year ended June 30, 2009

# HOUSING WORKS, INC. AND AFFILIATES

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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 statement of financial position of Housing Works, Inc. and Affiliates (collectively, the “Organization”) as of June 30, 2010, 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 2009 consolidated financial statements and, in our report dated December 11, 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, 2010, 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, 2010 and the consolidating schedule of revenues and expenses for the year ended June 30, 2010, 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.



New York, New York  
February 17, 2011

**HOUSING WORKS, INC. AND AFFILIATES**  
**Consolidated Statements of Financial Position**  
**As of June 30, 2010 and 2009**

<b>ASSETS</b>	<b>2010</b>	<b>2009</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 535,182	\$ 554,756
Medicaid receivables	6,451,916	2,266,477
Grants and contract service receivables	1,324,569	915,362
Contributions receivable	155,665	151,090
Thrift shop and bookstore inventory, net	6,234,839	5,440,176
Prepaid expenses and other assets	432,961	397,567
Total current assets	<u>15,135,132</u>	<u>9,725,428</u>
<b>LONG-TERM ASSETS</b>		
Debt service and contingency reserve funds	907,220	401,832
Security deposits and other assets	1,793,844	1,801,079
Property and equipment, net	24,201,634	23,653,841
Total long-term assets	<u>26,902,698</u>	<u>25,856,752</u>
Total assets	<u>\$ 42,037,830</u>	<u>\$ 35,582,180</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 6,425,608	\$ 5,371,458
Current maturities of loans payable	2,826,170	3,074,373
Due to government agency - current portion	235,734	235,734
Total current liabilities	<u>9,487,512</u>	<u>8,681,565</u>
<b>LONG-TERM LIABILITIES</b>		
Loans payable	9,986,979	10,694,706
Due to government agency	73,577	276,135
Deferred revenue - HHAC	1,203,366	-
Deferred rent payable	758,160	519,595
Other liabilities	90,954	4,433
Total long-term liabilities	<u>12,113,036</u>	<u>11,494,869</u>
Total liabilities	<u>21,600,548</u>	<u>20,176,434</u>
Noncontrolling interest in Fitzpatrick Associates limited partnership	465,089	-
Commitments and contingencies		
<b>NET ASSETS</b>		
Unrestricted	18,762,593	14,292,678
Temporarily restricted	552,085	458,333
Permanently restricted	657,515	654,735
Total net assets	<u>19,972,193</u>	<u>15,405,746</u>
Total liabilities and net assets	<u>\$ 42,037,830</u>	<u>\$ 35,582,180</u>

*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, 2010, with comparative totals for the year ended June 30, 2009

	2010			2009 Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted		Total
<b>OPERATING REVENUES AND OTHER SUPPORT</b>					
Grants and contract services	\$ 7,086,857	\$ -	\$ -	\$ 7,086,857	\$ 6,463,805
Bookstore sales	2,135,962	-	-	2,135,962	2,056,933
Thrift shops sales	13,426,217	-	-	13,426,217	11,319,050
Medicaid revenue	23,836,053	-	-	23,836,053	18,706,602
In-kind contributions	16,356,842	-	-	16,356,842	14,299,728
Contributions	1,530,926	675,000	2,780	2,208,706	1,512,035
Rental income on apartments	765,707	-	-	765,707	845,706
Food services	346,922	-	-	346,922	213,765
Other revenue	103,452	-	-	103,452	678,246
Net assets released from restrictions	581,248	(581,248)	-	-	-
Total operating revenues and other support	<u>66,170,186</u>	<u>93,752</u>	<u>2,780</u>	<u>66,266,718</u>	<u>56,095,870</u>
<b>EXPENSES</b>					
Program services:					
Housing programs	4,408,641	-	-	4,408,641	4,402,781
Bookstore	3,912,239	-	-	3,912,239	3,730,326
Thrift shops	24,551,345	-	-	24,551,345	20,933,522
Health and service programs	17,925,135	-	-	17,925,135	17,424,538
Food services	2,010,819	-	-	2,010,819	1,731,262
Advocacy, legal and advisory services	1,669,470	-	-	1,669,470	1,677,740
Research	30,000	-	-	30,000	26,689
Property and facility management	2,030,233	-	-	2,030,233	1,722,342
Total program expenses	<u>56,537,882</u>	<u>-</u>	<u>-</u>	<u>56,537,882</u>	<u>51,649,200</u>
Management and general	4,740,246	-	-	4,740,246	3,870,182
Fundraising	495,421	-	-	495,421	390,595
Total expenses	<u>61,773,549</u>	<u>-</u>	<u>-</u>	<u>61,773,549</u>	<u>55,909,977</u>
<b>NON-OPERATING REVENUES AND OTHER SUPPORT</b>					
Limited partnership interest in loss of Fitzpatrick Associates Limited Partnership	14,105	-	-	14,105	-
Inherent contribution - General partnership interest in Fitzpatrick Associates Limited Partnership	4,839	-	-	4,839	-
Inherent contribution - Acquisition of the AIDS Treatment Data Network, Inc	54,334	-	-	54,334	-
Total non-operating revenues and other support	<u>73,278</u>	<u>-</u>	<u>-</u>	<u>73,278</u>	<u>-</u>
Increase in net assets	4,469,915	93,752	2,780	4,566,447	185,893
Net assets, beginning of year	<u>14,292,678</u>	<u>458,333</u>	<u>654,735</u>	<u>15,405,746</u>	<u>15,219,853</u>
Net assets, end of year	<u>\$ 18,762,593</u>	<u>\$ 552,085</u>	<u>\$ 657,515</u>	<u>\$ 19,972,193</u>	<u>\$ 15,405,746</u>

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, 2010, with comparative totals for the year ended June 30, 2009**

	Program Expenses											2010 Total Expenses	2009 Total 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		
Salaries and wages	\$ 1,298,269	\$ 604,387	\$ 4,467,053	\$ 8,844,917	\$ 698,016	\$ 817,879	\$ -	\$ 1,424,008	\$ 18,154,529	\$ 2,208,617	\$ 229,391	\$ 20,592,537	\$ 18,787,310
Fringe benefits	379,966	159,952	1,249,990	2,508,599	191,948	249,545	-	413,663	5,153,663	520,536	63,814	5,738,013	4,521,880
Professional service fees	66,607	8,189	15,197	288,292	1,499	9,736	30,000	7,847	427,367	78,717	79,140	585,224	919,419
Contracted services	555,415	55,521	304,103	1,154,094	85,889	25,025	-	25,055	2,205,102	123,388	6,559	2,335,049	1,854,437
Client stipends and reimbursements	10,927	1,777	-	280,363	24,023	22,011	-	-	339,101	20,274	52	359,427	296,365
Supplies	55,683	67,549	255,656	349,587	38,000	30,190	-	85,890	882,555	139,863	2,371	1,024,789	823,753
Occupancy:													
Office	184,461	265,852	3,038,146	884,985	11,750	97,950	-	14,074	4,497,218	212,324	19,527	4,729,069	4,287,629
Client	545,739	-	-	-	-	-	-	-	545,739	1,018	-	546,757	501,325
Utilities:													
Office	271,881	80,931	328,863	714,150	16,338	48,220	-	23,262	1,483,645	125,261	7,333	1,616,239	1,576,117
Client	109,655	-	1,814	1,522	-	4,709	-	-	117,700	-	-	117,700	132,828
Transportation	42,450	859	198,641	620,173	18,517	141,168	-	9,896	1,031,704	61,018	2,353	1,095,075	933,250
Equipment rental, repairs and maintenance	77,196	17,346	45,596	201,059	54,337	5,099	-	-	400,633	83,852	982	485,467	489,262
Facility repairs and maintenance	136,615	22,346	39,916	87,345	497	270	-	-	286,989	5,643	-	292,632	199,108
Client participation expenses	35,787	83,380	26,325	214,873	833,141	24,318	-	1,224	1,219,048	133,306	1,345	1,353,699	1,183,632
Staff expense	2,928	511	559	72,938	576	20,988	-	1,013	99,513	103,462	3,275	206,250	283,680
Insurance expense	56,848	17,509	102,150	222,563	11,625	17,529	-	18,477	446,701	71,151	3,491	521,343	511,083
Depreciation and amortization	518,738	46,868	213,510	786,621	2,986	-	-	2,127	1,570,850	506,647	-	2,077,497	1,973,534
Interest and finance fees	52,338	16,091	289,437	686,141	6,663	162	-	3,697	1,054,529	152,649	729	1,207,907	1,322,335
Gifts-in-kind expense	-	2,135,963	13,426,216	-	-	-	-	-	15,562,179	-	-	15,562,179	13,375,983
Events expense	119	12,329	229,602	-	6,059	126,820	-	-	374,929	37,087	2,080	414,096	475,259
Government agency refund	-	-	-	-	-	-	-	-	-	-	-	-	589,335
Other expenses	7,019	314,879	318,571	6,913	8,955	27,851	-	-	684,188	155,433	72,979	912,600	872,453
<b>Total expenses</b>	<b>\$ 4,408,641</b>	<b>\$ 3,912,239</b>	<b>\$ 24,551,345</b>	<b>\$ 17,925,135</b>	<b>\$ 2,010,819</b>	<b>\$ 1,669,470</b>	<b>\$ 30,000</b>	<b>\$ 2,030,233</b>	<b>\$ 56,537,882</b>	<b>\$ 4,740,246</b>	<b>\$ 495,421</b>	<b>\$ 61,773,549</b>	<b>\$ 55,909,977</b>

*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, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 4,566,447	\$ 185,893
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,077,497	1,973,534
Reserve on investments in related entities	-	113,773
Contributions restricted for endowment	(2,780)	(4,136)
Contribution of general partnership interest in Fitzpatrick Associates Limited Partnership	(4,839)	-
Contribution of AIDS Treatment Data Network	(54,334)	-
Gain on sale of property and equipment	-	(9,152)
Loan forgiveness	-	(250,000)
Changes in operating assets and liabilities:		
Increase in medicaid receivables	(4,185,439)	(148,401)
Increase in grants and contract services receivable	(378,896)	(175,321)
Increase in contributions receivable	(4,575)	(151,090)
Increase in thrift shop and bookstore inventory	(794,663)	(923,745)
Increase in prepaid expenses and other assets	(31,905)	(91,005)
Decrease (increase) in security deposits and other assets	16,670	(164,960)
Increase in investment in related entities	-	(80,000)
Increase in accounts payable and accrued expenses	1,021,037	1,352,751
Decrease in deferred revenue	(5,870)	-
(Decrease) increase in due to government agency	(202,558)	511,869
Increase in deferred rent payable	238,565	144,986
Increase in other liabilities	46,243	62,797
Net cash provided by operating activities	<u>2,300,600</u>	<u>2,347,793</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(1,241,061)	(886,231)
Proceeds from sale of property and equipment	-	148,001
Decrease in debt service and contingency reserve funds	(1,623)	(7,317)
Cash received in acquisitions	39,765	-
Net cash used in investing activities	<u>(1,202,919)</u>	<u>(745,547)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loans payable	578,343	342,621
Repayments of loans payable	(1,684,273)	(1,590,452)
Minority interest	(14,105)	-
Contributions restricted for endowment	2,780	4,136
Net cash used in financing activities	<u>(1,117,255)</u>	<u>(1,243,695)</u>
Net (decrease) increase in cash	(19,574)	358,551
Cash, beginning of year	<u>554,756</u>	<u>196,205</u>
Cash, end of year	<u>\$ 535,182</u>	<u>\$ 554,756</u>

Supplemental cash flow information:

Noncash items:

\$16,400,000 and \$14,300,000 of donated clothing, furniture, books, etc., in each of the years ended June 30, 2010 and 2009, respectively

Increases in the following resulting from the acquisition of the AIDS Treatment Data Network, Inc. and the Fitzpatrick Associates Limited Partnership:

\$1,384,229 - property and equipment	\$3,489 - prepaid expenses and other assets
\$503,765 - debt service and contingency reserve funds	\$9,435 - security deposits and other assets
\$1,209,236 - deferred revenue	\$33,113 - accounts payable and accrued expenses
\$150,000 - loan payable	\$40,278 - other liabilities
\$30,311 - grants and contract services receivables	\$479,194 - noncontrolling interest

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

# HOUSING WORKS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

June 30, 2010

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### 1. 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 primarily sells donated books and records; the café serves sandwiches, soups and assorted refreshments and hosts special events.

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 primarily sells clothing and other donated goods from ten 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 9<sup>th</sup> 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.

Housing Works Health Services II, Inc. (“HWS2”), with facilities located at 320 West 13<sup>th</sup> 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 13<sup>th</sup> 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 as HWS1, but only 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, INC. AND AFFILIATES**

### **Notes to Consolidated Financial Statements**

**June 30, 2010**

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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 9<sup>th</sup> 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 130<sup>th</sup> 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 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.

In fiscal 2010, Bronx Claremont Parkway G. P., Inc. (“BCP”), an entity controlled by HWI was established. BCP subsequently received a general partnership interest in Fitzpatrick Associates Limited Partnership (“Fitzpatrick”). Fitzpatrick was formed to acquire, own, finance, construct, develop and manage a multifamily supportive housing project.

In October 2009, the Organization acquired and therefore absorbed the net assets and operations of the AIDS Treatment Data Network, Inc. (“ATDN”). ATDN is a not-for-profit, independent, community-based organization that provides case management and support services through one-on-one encounters. Resources are also provided to clients by way of various electronic media. The fair market value of ATDN's net assets at the time of acquisition totaled approximately \$54,000 and was recorded as an inherent contribution on the consolidated statement of activities, as ATDN was acquired without consideration.

# HOUSING WORKS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

June 30, 2010

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Housing Works, Inc. and Affiliates, except Gotham and BCP, 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. Gotham has applied for tax exempt status under Section 501(a) of the Internal Revenue Code, however has not yet received exemption. In anticipation of receiving such exemption, no provision for income taxes has been made in the accompanying consolidated financial statements for this organization.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Basis of Presentation**

In June 2009, the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 105 was issued, which established the FASB Accounting Standards Codification as the source of authoritative U.S. generally accepted accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. The Organization has applied this guidance in the preparation of the Organization’s consolidated financial statements as of June 30, 2010.

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, 2010 and 2009, temporarily restricted net assets were restricted for use in the Organization’s mental health programs.

#### *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 7).

For the years ended June 30, 2010 and 2009, the Organization received \$2,780 and \$4,136, respectively, in permanently restricted contributions, to be included within the endowment fund established in the memory of a deceased co-president.

### **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.

# HOUSING WORKS, INC. AND AFFILIATES

## Notes to Consolidated Financial Statements

June 30, 2010

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### 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

### 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.

### Contributions

Contributions, both cash and in-kind, are recorded in the period received 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. Contributions to be received after one year are discounted at an appropriate discount rate. Amortization of the discount is recorded as additional contribution revenue in accordance with donor imposed restrictions, if any.

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, the inventory is relieved and a related gift-in-kind expense is recorded representing the cost of the goods sold.

### 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. Amounts received in advance are reported as deferred revenues. 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.

# **HOUSING WORKS, INC. AND AFFILIATES**

## **Notes to Consolidated Financial Statements**

### **June 30, 2010**

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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. At June 30, 2010, Medicaid revenue included \$4,184,639 resulting from prior-year retroactive adjustments settled in the current year.

#### **Allowance for Uncollectible Accounts**

The carrying value of grants and contracts receivable and contributions receivable are reduced by an appropriate allowance for uncollectible accounts, and therefore approximates net realizable 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. Receivable outstanding longer than the payment terms are considered past due. The Organization writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are recorded as income in the period received.

#### **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, 2010 and 2009, the Organization's cash was placed with high credit quality financial institutions and, accordingly, the Organization does not expect nonperformance.

#### **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.

#### **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.

#### **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.

**HOUSING WORKS, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010**

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Accordingly, such information should be read in conjunction with the Organization’s consolidated financial statements as of and for the year ended June 30, 2009, from which the summarized information was derived.

**Reclassifications**

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year.

**Taxes**

The Organization has adopted Accounting Standards Codification (“ASC”) 740 “Income Taxes,” that requires a tax position be recognized or derecognized based on a “more likely than not” threshold. This applies to positions taken or expected to be taken in a tax return. The adoption of this guidance did not have an impact on the Organization’s consolidated financial statements, as management believes that there are no uncertain tax positions within its consolidated financial statements.

**3. PROPERTY AND EQUIPMENT, NET**

At June 30, 2010 and 2009, property and equipment, net, consisted of the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 809,209	\$ 809,209
Buildings and building improvements	15,220,589	13,741,882
Equipment, furniture and fixtures	6,904,525	6,099,582
Vehicles	405,723	382,699
Leasehold improvements	18,038,113	17,881,532
Capital lease	<u>421,150</u>	<u>419,782</u>
	41,799,309	39,334,686
Less: Accumulated depreciation and amortization	(17,917,619)	(15,857,148)
Construction in progress	<u>319,944</u>	<u>176,303</u>
	<u>\$ 24,201,634</u>	<u>\$ 23,653,841</u>

As of June 30, 2010 and 2009, the Organization had capitalized interest of approximately \$17,685 and \$24,300, 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.

**HOUSING WORKS, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010**

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**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, and in the table above at June 30, 2010, were as follows:

Equipment	\$ 421,150
Less: Accumulated depreciation	<u>(207,821)</u>
	<u>\$ 213,329</u>

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, included within Loans Payable in the accompanying consolidated statement of financial position, are as follows at June 30, 2010:

**Year ending June 30,**

2011	\$ 87,130
2012	65,193
2013	51,607
2014	<u>11,961</u>
	215,891
Less: Amount representing interest	<u>(9,442)</u>
	<u>\$ 206,449</u>

**4. 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, 2010 and 2009, the investment was valued at \$0, due to the MSO's accumulated deficit. The MSO provided financial management services to the Organization during the years ended June 30, 2010 and 2009, for which the Organization paid approximately \$1,450,000 and \$1,400,000, respectively.

During fiscal 2003, the Organization acquired an 18% ownership interest in Amida Care, Inc. for \$300,000. This investment is accounted for at cost. A \$300,000 impairment of this investment was recorded during fiscal 2005. During the years ended June 30, 2010 and 2009, the Organization contributed additional capital of \$0 and \$40,000, respectively. At June 30, 2010 and 2009, the investment in Amida Care, Inc. was fully reserve for since Amida Care, Inc. had an accumulated deficit at that time. In addition, the Organization has entered into and guaranteed loans on behalf of Amida Care, Inc. (Note 5).

On June 7, 2010, Bronx Claremont Parkway G.P., Inc. ("BCP"), an entity controlled by HWI, was admitted without consideration as General Partner to Fitzpatrick Associates Limited Partnership ("Fitzpatrick") with a partnership interest of 1%. Fitzpatrick was formed to acquire, own, construct, develop, manage and operate a supportive housing facility. The facility consists of sixteen (16) apartment units available for

**HOUSING WORKS, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010**

rental to homeless and low-income individuals. The facility was financed through a note from the Homeless Housing Assistance Corporation (“HHAP”) in the amount of approximately \$2.1 Million and through the sale of limited partnership interests to U.S.A Institutional Tax Credit Fund VII L.P. HWI is acting as guarantor on the HHAP mortgage. BCP is deemed to control Fitzpatrick, and, accordingly, the consolidated financial position of Fitzpatrick and BCP is reflected in the consolidated financial statements of Housing Works, Inc. and affiliates. The fair market value of BCP’s partnership interest of Fitzpatrick’s net assets at the time of admission into the partnership was approximately \$5,000 and was recorded as an inherent contribution on the consolidated statement of activities.

**5. LOANS PAYABLE**

At June 30, 2010 and 2009, loans payable consisted of the following:

	<u>2010</u>	<u>2009</u>
Line of credit - \$2,000,000 secured by current receivables, bearing interest at the prime rate plus 1% (4.00% and 4.25% at June 30, 2010 and 2009, 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 then executed on June 30, 2009 in the amount of \$1,000,000, bearing interest at a stated rate of 4.00%. This line of credit terminated on January 31, 2010, and is in the process of being converted to a loan payable. The loan is anticipated to mature in two years	\$ 1,000,000	\$ 973,535
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.	3,820,000	4,065,000
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.	3,500,000	3,725,000
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.	600,000	865,000
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 and 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.	237,033	186,291
Mortgage payable - \$327,000 face amount, through the Low Income Housing Fund, was due five years after the conversion from a construction loan facility to a mortgage, which occurred on August 1, 2009. The mortgage was 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 was secured by the property at 874 Jefferson Avenue, Brooklyn, New York. The loan balance was paid during Fiscal 2010.	-	327,000

**HOUSING WORKS, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010**

	2010	2009
Mortgage payable - \$500,000 face amount payable in monthly payments of principal and interest. Interest is 6.5% per annum over an amortization period of 10 years. The loan is through the Low Income Investment Fund and matures on October 1, 2013.	\$ 431,036	\$ 466,960
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.	474,584	570,596
Loan payable - \$128,571 representing the Organization's pro rata share of a loan guaranteed by the partners of Amida Care, Inc. The loan is payable by Amida Care, 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
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.	1,711,110	1,955,555
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, 2010 and 2009, respectively). On September 30, 2009, the line of credit was extended through January 1, 2010.	299,366	299,366
Loan payable - \$225,000, through FJC. This is a short term bridge loan bearing interest at the rate at prime rate per the Wall Street Journal Prime rate (3% at June 30, 2010) plus 3%	225,000	-
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 and was paid during Fiscal 2010	-	20,540
Loan payable - \$150,000 face amount. The loan is through the NYC Department of Housing and Urban Development.	150,000	-
Liabilities under capital leases	206,449	155,665
Total loans payable	12,813,149	13,769,079
Less: Current maturities	(2,826,170)	(3,074,373)
Long-term portion	<u>\$ 9,986,979</u>	<u>\$ 10,694,706</u>



**HOUSING WORKS, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010**

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Loans not associated with housing facilities are collateralized by the Thrift inventory and/or the Medicaid Accounts Receivable.

Future principal payments on loans payable are as follows at June 30, 2010:

<b>Year ending June 30,</b>	
2011	\$ 2,826,170
2012	1,302,984
2013	1,067,936
2014	1,274,316
2015	880,239
Thereafter	5,311,504
	<u>\$ 12,663,149</u>

For the years ended June 30, 2010 and 2009, interest expense totaled \$706,409 and \$704,564, respectively.

At June 30, 2010 and 2009, debt service and contingency reserve funds of approximately \$403,000 and \$402,000, respectively, consisted of government bonds (level 2) and cash on deposit (level 1) 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.

**6. 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.

**7. DEFERRED REVENUE**

The Bronx-Clermont homeless housing facility associated with Fitzpatrick was principally financed through a note from the New York State Homeless Housing Assistance Corporation. The note closed on July 30, 1997 in amount of \$2,113,216 for a term of thirty years. The note bears no interest and repayment is not required as long as the housing facility remains available for low-income persons in accordance with regulatory agreements and regulations. The Organization believes that the possibility of the facility not maintaining its status as a low-income housing facility throughout the term of the advance is remote, and therefore, repayment would not be required. As such, the Organization believes that the appropriate treatment of the advance is recognition as deferred revenue that is amortized into service revenue over the thirty-year life of the agreement. At June 30, 2010, the unamortized balance of \$1,203,366 was reflected in the consolidated statement of financial position as deferred revenue.

**HOUSING WORKS, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010**

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**8. 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 totaling approximately \$650,000 in order to cover certain operating costs. During June 30, 2010 and 2009, the Organization received permanently restricted contributions of \$2,780 and \$4,136, respectively. On December 9, 2010, the Organization replenished the amounts borrowed from the endowment fund.

In August 2008, the FASB issued guidance, which was adopted by the Organization during the fiscal year ended June 30, 2009. Among other things, this guidance addresses the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act (“UPMIFA”). A key component of this guidance is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure. In addition, guidance requires new disclosures about an organization’s donor-restricted, as well as, board-designated endowment funds, if any. For the years ended June 30, 2010, the Organization adopted the disclosure provisions only of the guidance, as the state of New York has not yet enacted a version of UPMIFA.

At June 30, 2010 and 2009, the Organization did not maintain any board designated (quasi) endowment funds.

**9. 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 years ended June 30, 2010 and 2009 was \$17,800 and \$9,600, respectively.

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.

**10. 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.

**HOUSING WORKS, INC. AND AFFILIATES**  
**Notes to Consolidated Financial Statements**  
**June 30, 2010**

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Future minimum lease payments under these noncancelable operating leases are as follows at June 30, 2010:

<b>Year ending June 30,</b>	
2011	\$ 4,759,219
2012	4,515,029
2013	4,147,385
2014	3,633,153
2015	3,151,950
Thereafter	<u>5,569,702</u>
	<u>\$ 25,776,438</u>

For the years ended June 30, 2010 and 2009, rent expense totaled approximately \$5,276,000 and \$4,789,000, respectively.

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 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.

## **11. SUBSEQUENT EVENTS**

The Organization evaluated its June 30, 2010 consolidated financial statements for subsequent events through February 17, 2011, 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 statement except as follows.

On September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act (the "Act"). The Act applies to donor-restricted endowments and, among other things, updates requirements governing investment conduct, expenditure of funds, delegation of management and investment, and release or modification of restrictions. The Organization will adopt the provision of the Act in fiscal 2011.

**SUPPLEMENTARY INFORMATION**

**Housing Works Inc and Affiliates**  
**Consolidating Schedule of Financial Position**  
**As of June 30, 2010**

	HWI	Book Store	Thrift	HWS1	HWS2	HWS3	HWGSC	HWDC1	HWDC2	HWDC3	STREETER	ATDN	PITKIN	GOTHAM	Willoughby	Bronx Claremont Parkway GP Cons	LEX	JEFF	Total Consolidated
<b>ASSETS</b>																			
<b>CURRENT ASSETS</b>																			
Cash	\$ 328,650	\$ 8,500	\$ 122,435	\$ 3,700	\$ 5,500	\$ 562	\$ 5,000	\$ -	\$ 1,000	\$ 2,142	\$ -	\$ 45,539	\$ 577	\$ 5,698	\$ 3,812	\$ -	\$ 1,459	\$ 608	\$ 535,182
Medicaid receivables	519,738	-	-	1,635,328	2,571,591	1,359,255	-	-	-	-	-	-	-	-	366,004	-	-	-	6,451,916
Grant and contract service receivables	505,450	-	-	34,843	-	16,868	-	84,893	141,587	350,367	-	-	-	-	46,279	-	91,704	52,578	1,324,569
Contributions receivable	155,665	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	155,665
Thrift shop and bookstore inventory, net	-	653,261	5,553,288	-	-	-	28,290	-	-	-	-	-	-	-	-	-	-	-	6,234,839
Intercompany receivable/payable	12,961,582	48,468	1,328,859	(2,469,182)	(484,306)	(1,740,216)	(164,880)	(484,418)	211,619	(1,962,881)	(234,164)	(180,419)	(450,461)	1,552,195	(5,218,693)	-	(1,900,041)	(813,062)	-
Prepaid expenses and other assets	343,058	5,000	6,486	-	6,526	-	20,758	780	-	981	-	409	-	-	950	-	2,158	45,855	432,961
Total current assets	14,814,143	715,229	7,011,068	(795,311)	2,099,311	(363,531)	(110,832)	(398,745)	354,206	(1,609,391)	(234,164)	(134,471)	(449,884)	1,557,893	(4,801,648)	-	(1,804,720)	(714,021)	15,135,132
<b>LONG-TERM ASSETS</b>																			
Debt service and contingency reserve funds	-	-	-	170,127	48,817	184,511	-	-	-	-	-	-	-	-	-	503,765	-	-	907,220
Security deposits and other assets	200,158	-	462,800	453,738	88,336	442,497	-	1,376	-	4,885	-	9,435	83,738	80,551	-	(51,293)	8,345	9,278	1,793,844
Property and equipment, net	1,079,487	260,874	850,375	3,067,178	750,772	1,912,535	8,421	2,178,291	2,182,430	3,608,533	-	33,133	564,215	6,490	2,374,102	1,374,250	2,940,517	1,010,031	24,201,634
Total long-term assets	1,279,645	260,874	1,313,175	3,691,043	887,925	2,539,543	8,421	2,179,667	2,182,430	3,613,418	-	42,568	647,953	87,041	2,374,102	1,826,722	2,948,862	1,019,309	26,902,698
Total assets	\$ 16,093,788	\$ 976,103	\$ 8,324,243	\$ 2,895,732	\$ 2,987,236	\$ 2,176,012	\$ (102,411)	\$ 1,780,922	\$ 2,536,636	\$ 2,004,027	\$ (234,164)	\$ (91,903)	\$ 198,069	\$ 1,644,934	\$ (2,427,546)	\$ 1,826,722	\$ 1,144,142	\$ 305,288	\$ 42,037,830
<b>LIABILITIES AND NET ASSETS</b>																			
<b>CURRENT LIABILITIES</b>																			
Accounts payable and accrued expenses	4,496,071	(29,390)	310,065	247,728	260,158	186,247	122,361	178,974	27,618	160,158	7,669	-	9,043	101,836	8,331	3,570	244,303	90,866	6,425,608
Current maturities of loans payable	1,315,558	-	299,367	259,153	309,155	289,154	-	-	-	-	-	4,348	14,058	30,000	266,667	-	38,710	-	2,826,170
Due to government agency - current portion	-	-	-	-	-	-	-	-	-	235,734	-	-	-	-	-	-	-	-	235,734
Total current liabilities	5,811,629	(29,390)	609,432	506,881	569,313	475,401	122,361	178,974	27,618	395,892	7,669	4,348	23,101	131,836	274,998	3,570	283,013	90,866	9,487,512
<b>OTHER LIABILITIES</b>																			
Loans payable	232,489	-	-	3,399,041	449,040	3,689,040	-	-	-	-	-	7,623	222,976	-	1,444,444	150,000	392,326	-	9,986,979
Due to government agency	-	-	-	-	-	-	-	-	-	73,577	-	-	-	-	-	-	-	-	73,577
Deferred revenue - HHAC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,203,366	-	-	1,203,366
Deferred rent expense	93,083	-	616,558	-	-	-	-	-	-	-	-	2,332	-	-	46,187	-	-	-	758,160
Other liabilities	15,053	8,251	2,741	-	-	-	44,773	-	-	20,136	-	-	-	-	-	-	-	-	90,954
Total other liabilities	340,625	8,251	619,299	3,399,041	449,040	3,689,040	44,773	-	-	93,713	-	9,955	222,976	-	1,490,631	1,353,366	392,326	-	12,113,036
Total liabilities	6,152,254	(21,139)	1,228,731	3,905,922	1,018,353	4,164,441	167,134	178,974	27,618	489,605	7,669	14,303	246,077	131,836	1,765,629	1,356,936	675,339	90,866	21,600,548
Noncontrolling interest in Fitzpatrick Associates limited partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	465,089	-	-	465,089
<b>NET ASSETS</b>																			
Unrestricted	8,731,934	997,242	7,095,512	(1,010,190)	1,968,883	(1,988,429)	(269,545)	1,601,948	2,509,018	1,514,422	(241,833)	(106,206)	(48,008)	1,513,098	(4,193,175)	4,697	468,803	214,422	18,762,593
Temporarily restricted	552,085	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	552,085
Permanently restricted	657,515	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	657,515
Total net assets	9,941,534	997,242	7,095,512	(1,010,190)	1,968,883	(1,988,429)	(269,545)	1,601,948	2,509,018	1,514,422	(241,833)	(106,206)	(48,008)	1,513,098	(4,193,175)	4,697	468,803	214,422	19,972,193
Total liabilities and net assets	\$ 16,093,788	\$ 976,103	\$ 8,324,243	\$ 2,895,732	\$ 2,987,236	\$ 2,176,012	\$ (102,411)	\$ 1,780,922	\$ 2,536,636	\$ 2,004,027	\$ (234,164)	\$ (91,903)	\$ 198,069	\$ 1,644,934	\$ (2,427,546)	\$ 1,826,722	\$ 1,144,142	\$ 305,288	\$ 42,037,830

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, 2010**

	HWI	Book Store	Thrift	HWS1	HWS2	HWS3	HWFS	HWDC1	HWDC2	HWDC3	STREETER	ATDN	PITKIN	GOTHAM	Willoughby	Bronx Claremont Parkway GP Cons	LEX	JEFF	Total Before Eliminations	Eliminations	Consolidated
<b>OPERATING REVENUES AND OTHER SUPPORT</b>																					
Grants and contract services	\$ 1,918,800	\$ -	\$ -	\$ 455,872	\$ -	\$ 390,242	\$ -	\$ 869,533	\$ 1,048,118	\$ 694,475	\$ -	\$ -	\$ -	\$ -	\$ 158,012	\$ -	\$ 665,340	\$ 886,465	\$ 7,086,857	\$ -	\$ 7,086,857
Bookstore sales	-	2,135,962	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,135,962	-	2,135,962
Thrift shop sales	-	-	13,426,217	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,426,217	-	13,426,217
Medicaid revenues	4,074,098	-	-	5,070,074	7,693,167	4,436,249	-	-	-	-	-	-	-	-	2,562,465	-	-	-	23,836,053	-	23,836,053
In-kind contributions	-	2,073,427	14,283,415	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,356,842	-	16,356,842
Contributions	543,112	143,359	800,757	-	-	-	2,295	-	-	-	-	10,125	-	-	6,278	-	-	25,000	1,530,926	-	1,530,926
Rental income on apartments	169,242	63,540	39,600	-	1,103	-	-	80,345	30,760	108,974	-	-	35,707	-	-	11,685	31,221	193,530	765,707	-	765,707
Food services	-	-	-	-	-	-	2,044,770	-	-	-	-	-	-	-	-	-	-	-	2,044,770	(1,697,848)	346,922
Property management income	-	-	-	-	-	-	-	-	-	-	-	-	-	1,866,611	-	-	-	-	1,866,611	(1,866,611)	-
Other revenue	9,592	5,411	151,915	24,169	169	169	-	-	17,550	-	-	-	72,001	350	55,206	5,870	-	-	342,402	(238,950)	103,452
Net assets released from restrictions	453,748	-	-	70,833	27,500	16,667	-	-	-	-	-	-	-	-	12,500	-	-	-	581,248	-	581,248
Total operating revenues and other support	7,168,592	4,421,699	28,701,904	5,620,948	7,721,939	4,843,327	2,047,065	949,878	1,096,428	803,449	-	10,125	107,708	1,866,961	2,794,461	17,555	696,561	1,104,995	69,973,595	(3,803,409)	66,170,186
<b>EXPENSES</b>																					
Salaries and merit increases	6,517,575	604,387	4,467,053	1,421,791	1,871,702	1,353,334	698,016	164,375	266,644	213,257	-	66,175	-	1,424,008	1,164,646	13,551	166,377	179,646	20,592,537	-	20,592,537
Fringe benefits	1,751,162	159,952	1,249,990	399,185	543,517	391,335	191,948	46,881	75,605	53,304	-	14,959	-	413,663	325,385	-	61,996	59,131	5,738,013	-	5,738,013
Professional service fees	228,615	8,189	15,197	94,526	49,380	22,064	1,499	1,130	5,544	677	-	3,700	2,982	7,847	108,187	69	31,616	4,002	585,224	-	585,224
Contracted services	847,839	140,476	769,419	602,492	810,441	592,364	217,309	323,984	327,563	359,648	-	150	7,251	63,392	505,174	-	306,746	25,260	5,899,508	(3,564,459)	2,335,049
Client stipends/reimbursements	69,638	1,777	-	47,099	94,966	68,899	24,023	3,050	13	7,740	-	-	-	42,096	-	-	-	126	359,427	-	359,427
Supplies	213,129	67,549	255,656	96,034	51,194	46,126	38,000	7,115	4,751	20,170	-	1,299	3,157	85,890	122,714	-	11,057	948	1,024,789	-	1,024,789
Occupancy expenses - office	791,736	265,852	3,038,146	-	343,499	-	24,000	13	2,667	98,255	-	45,232	49,637	14,074	264,032	-	-	30,876	4,968,019	(238,950)	4,729,069
Occupancy expenses - client	235,957	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	41,869	268,931	546,757	-	546,757
Utilities - Office	399,329	80,931	328,863	179,334	97,708	142,162	16,338	68,149	67,765	58,374	-	11,725	5,025	23,262	101,779	4,902	23,769	6,824	1,616,239	-	1,616,239
Utilities - Client	59,158	-	1,814	150	150	658	-	-	-	-	-	414	-	-	151	-	5,976	49,229	117,700	-	117,700
Transportation	317,962	859	198,640	133,162	196,844	111,696	18,517	195	74	940	-	-	30	9,896	77,950	-	13,175	15,135	1,095,075	-	1,095,075
Equipment rental, repairs and maintenance	185,630	17,346	45,596	10,694	34,886	33,307	54,337	18,738	11,352	21,424	-	3,053	924	-	32,034	-	14,019	2,127	485,467	-	485,467
Facility repairs & maintenance	23,598	22,346	39,916	2,814	54,717	4,153	497	39,978	24,577	27,379	-	2,395	5,840	-	11,247	5,180	22,632	5,363	292,632	-	292,632
Client participation expense	197,944	83,380	26,325	27,333	77,089	49,554	833,141	7,046	282	15,099	-	488	307	1,224	27,030	-	5,358	2,099	1,353,699	-	1,353,699
Staff expense	136,450	511	558	25,277	12,420	15,018	576	-	15	99	-	-	-	1,013	13,392	-	150	771	206,250	-	206,250
Insurance expense	164,234	17,509	102,150	39,915	48,243	33,698	11,625	8,757	9,832	11,453	-	3,801	589	18,477	35,498	2,318	6,647	6,597	521,343	-	521,343
Depreciation and amortization	509,192	46,868	213,510	200,648	118,006	126,202	2,986	99,902	121,947	160,782	-	9,502	22,072	2,127	332,263	5,750	104,299	1,441	2,077,497	-	2,077,497
Insurance and finance fees	154,510	16,091	289,437	228,560	82,411	242,137	6,663	-	-	-	-	5,966	16,879	3,697	127,048	-	33,128	1,380	1,207,907	-	1,207,907
Gifts-in-kind expense	-	2,135,963	13,426,216	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,562,179	-	15,562,179
Event expense	165,987	12,329	229,602	-	-	-	6,059	119	-	-	-	-	-	-	-	-	-	-	414,096	-	414,096
Management expenses	(5,155,434)	165,001	1,000,457	844,606	972,551	723,446	108,730	81,906	91,984	113,281	-	-	5,482	172,826	751,259	-	62,190	61,715	-	-	-
Other expenses	258,334	314,879	318,572	1,094	-	1,465	8,955	294	309	2,652	-	1,806	2,432	-	1,005	32	423	348	912,600	-	912,600
Total expenses	8,072,545	4,162,195	26,017,117	4,354,714	5,459,724	3,957,618	2,263,219	871,632	1,010,924	1,164,534	-	170,665	122,607	2,241,396	4,042,890	31,802	911,427	721,949	65,576,958	(3,803,409)	61,773,549
<b>NON-OPERATING REVENUES AND OTHER SUPPORT</b>																					
Limited partnership interest in loss of Fitzpatrick Associates Limited Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,105	-	-	14,105	-	14,105
Inherent contribution - General partnership interest in Fitzpatrick Associates Limited Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,839	-	-	4,839	-	4,839
Inherent contribution - Acquisition of The AIDS Treatment Data Network	-	-	-	-	-	-	-	-	-	-	-	54,334	-	-	-	-	-	-	54,334	-	54,334
Total non-operating revenues and other support	-	-	-	-	-	-	-	-	-	-	-	54,334	-	-	-	18,944	-	-	73,278	-	73,278
Change in net assets before entrepreneurial contributions	(903,953)	259,504	2,684,787	1,266,234	2,262,215	885,709	(216,154)	78,246	85,504	(361,085)	-	(106,206)	(14,899)	(374,435)	(1,248,429)	4,697	(214,866)	383,046	4,469,915	-	4,469,915
Entrepreneurial contributions	(2,408,997)	233,553	2,112,908	-	-	-	62,536	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in unrestricted net assets	1,505,044	25,951	571,879	1,266,234	2,262,215	885,709	(278,690)	78,246	85,504	(361,085)	-	(106,206)	(14,899)	(374,435)	(1,248,429)	4,697	(214,866)	383,046	4,469,915	-	4,469,915
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>																					
Contributions	547,500	-	-	70,833	27,500	16,667	-	-	-	-	-	-	-	-	12,500	-	-	-	675,000	-	675,000
Net assets released from restrictions	(453,748)	-	-	(70,833)	(27,500)	(16,667)	-	-	-	-	-	-	-	-	(12,500)	-	-	-	(581,248)	-	(581,248)
Increase in temporarily restricted net assets	93,752	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	93,752	-	93,752
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>																					
Contributions	2,780	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,780	-	2,780
Increase in permanently restricted net assets	2,780	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,780	-	2,780
Change in net assets	1,601,576	25,951	571,879	1,266,234	2,262,215	885,709	(278,690)	78,246	85,504	(361,085)	-	(106,206)	(14,899)	(374,435)	(1,248,429)	4,697	(214,866)	383,046	4,566,447	-	4,566,447
Net assets, beginning 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
Net assets, end of year	\$ 9,941,534	\$ 997,242	\$ 7,095,512	\$ (1,010,190)	\$ 1,968,883	\$ (1,988,429)	\$ (269,545)	\$ 1,601,948	\$ 2,509,018	\$ 1,514,422	\$ (241,833)	\$ (106,206)	\$ (48,008)	\$ 1,513,098	\$ (4,193,175)	\$ 4,697	\$ 468,803	\$ 214,422	\$ 19,972,193	\$ -	\$ 19,972,193

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