

Consolidated Financial Statements Together with
Report of Independent Certified Public Accountants

HOUSING WORKS, INC. AND AFFILIATES

For the year ended June 30, 2011,
with comparative information for the year ended June 30, 2010

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, 2011, 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 2010 consolidated financial statements and, in our report dated February 17, 2011, 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 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, 2011, 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 accompanying supplementary information listed in the table of contents 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
March 12, 2012

HOUSING WORKS, INC. AND AFFILIATES
Consolidated Statements of Financial Position
As of June 30, 2011 and 2010

ASSETS	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash	\$ 636,516	\$ 535,182
Medicaid receivables	2,309,528	6,451,916
Grants and contract service receivables	1,739,950	1,324,569
Contributions receivable	196,465	155,665
Thrift shop and bookstore inventory, net	6,410,782	6,234,839
Prepaid expenses and other assets	<u>665,128</u>	<u>432,961</u>
Total current assets	<u>11,958,369</u>	<u>15,135,132</u>
LONG-TERM ASSETS		
Restricted cash - debt service and contingency reserve funds	950,638	907,220
Investments - other	657,515	-
Security deposits and other assets	1,901,433	1,793,844
Property and equipment, net	<u>24,811,948</u>	<u>24,201,634</u>
Total long-term assets	<u>28,321,534</u>	<u>26,902,698</u>
Total assets	<u>\$ 40,279,903</u>	<u>\$ 42,037,830</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITES		
Accounts payable and accrued expenses	\$ 6,703,446	\$ 6,455,608
Current maturities of loans payable	2,267,221	2,826,170
Due to government agency - current portion	<u>93,221</u>	<u>235,734</u>
Total current liabilities	<u>9,063,888</u>	<u>9,517,512</u>
LONG-TERM LIABILITIES		
Loans payable	9,300,470	9,956,979
Due to government agency	-	73,577
Deferred revenue - HHAC	1,132,926	1,203,366
Deferred rent payable	907,088	758,160
Other liabilities	<u>322,770</u>	<u>90,954</u>
Total long-term liabilities	<u>11,663,254</u>	<u>12,083,036</u>
Total liabilities	<u>20,727,142</u>	<u>21,600,548</u>
Noncontrolling interest in Fitzpatrick Associates limited partnership	<u>519,118</u>	<u>465,089</u>
Commitments and contingencies		
NET ASSETS		
Unrestricted	17,915,562	18,762,593
Temporarily restricted	460,566	552,085
Permanently restricted	<u>657,515</u>	<u>657,515</u>
Total net assets	<u>19,033,643</u>	<u>19,972,193</u>
Total liabilities and net assets	<u>\$ 40,279,903</u>	<u>\$ 42,037,830</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, 2011, with comparative totals for the year ended June 30, 2010

	2011			2010 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
OPERATING REVENUES AND OTHER SUPPORT				
Grants and contract services	\$ 8,377,279	\$ -	\$ -	\$ 8,377,279
Bookstore sales	2,318,990	-	-	2,318,990
Thrift shops sales	13,875,705	-	-	13,875,705
Medicaid revenue	18,788,543	-	-	18,788,543
In-kind contributions	16,156,578	-	-	16,156,578
Contributions	1,707,388	613,999	-	2,321,387
Rental income on apartments	905,789	-	-	905,789
Food services	633,035	-	-	633,035
Other revenue	557,818	-	-	557,818
Net assets released from restrictions	705,518	(705,518)	-	-
Total operating revenues and other support	<u>64,026,643</u>	<u>(91,519)</u>	<u>-</u>	<u>63,935,124</u>
EXPENSES				
Program services:				
Housing programs	4,987,326	-	-	4,987,326
Bookstore	4,361,939	-	-	4,361,939
Thrift shops	25,591,973	-	-	25,591,973
Health and service programs	18,200,527	-	-	18,200,527
Food services	2,222,751	-	-	2,222,751
Advocacy, legal and advisory services	1,899,065	-	-	1,899,065
Research	62,264	-	-	62,264
Property and facility management	1,746,666	-	-	1,746,666
Total program expenses	<u>59,072,511</u>	<u>-</u>	<u>-</u>	<u>59,072,511</u>
Management and general	5,246,600	-	-	5,246,600
Fundraising	547,521	-	-	547,521
Total expenses	<u>64,866,632</u>	<u>-</u>	<u>-</u>	<u>61,773,549</u>
NON-OPERATING REVENUES (EXPENSES) AND OTHER SUPPORT				
Limited partnership interest (loss) gain of Fitzpatrick Associates Limited Partnership	(54,029)	-	-	(54,029)
Inherent contribution - General partnership interest in Fitzpatrick Associates Limited Partnership	-	-	-	4,839
Inherent contribution - Acquisition of the AIDS Treatment Data Network, Inc	-	-	-	54,334
Inherent contribution - Acquisition of Life Force, Inc.	46,987	-	-	46,987
Total non-operating revenues (expenses) and other support	<u>(7,042)</u>	<u>-</u>	<u>-</u>	<u>73,278</u>
(Decrease) increase in net assets	(847,031)	(91,519)	-	(938,550)
Net assets, beginning of year	<u>18,762,593</u>	<u>552,085</u>	<u>657,515</u>	<u>19,972,193</u>
Net assets, end of year	<u>\$ 17,915,562</u>	<u>\$ 460,566</u>	<u>\$ 657,515</u>	<u>\$ 19,033,643</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, 2011, with comparative totals for the year ended June 30, 2010

	Program Expenses												2011 Total Expenses	2010 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	\$ 1,659,748	\$ 620,836	\$ 4,948,044	\$ 9,299,798	\$ 970,539	\$ 923,677	\$ -	\$ 1,188,828	\$ 19,611,470	\$ 2,278,565	\$ 283,393	\$ 22,173,428	\$ 20,592,537	
Fringe benefits	276,380	153,245	1,243,082	2,384,895	232,409	219,888	-	345,910	4,855,809	653,336	67,911	5,577,056	5,738,013	
Professional service fees	72,300	18,634	99,379	381,356	8,580	12,583	51,000	11,084	654,916	214,834	58,153	927,903	585,224	
Contracted services	534,682	53,024	250,310	1,068,658	20,147	47,357	-	26,393	2,000,571	51,463	9,405	2,061,439	2,335,049	
Client stipends and reimbursements	18,129	-	-	203,000	15,830	28,440	-	-	265,399	21,498	-	286,897	359,427	
Supplies	158,673	102,026	125,243	384,243	23,860	143,390	-	5,576	943,011	78,291	5,055	1,026,357	1,024,789	
Occupancy:														
Office	58,846	280,314	3,211,185	1,109,254	-	109,949	-	75,667	4,845,215	259,444	22,988	5,127,647	4,729,069	
Client	562,680	-	1,000	-	-	399	-	-	564,079	-	-	564,079	546,757	
Utilities:														
Office	359,474	104,540	367,517	650,479	19,959	33,305	-	39,735	1,575,009	79,728	8,518	1,663,255	1,616,239	
Client	109,867	-	818	2,738	-	2,936	-	47	116,406	1,138	(1,290)	116,254	117,700	
Transportation	62,982	1,726	175,639	581,897	19,183	134,399	-	6,597	982,423	35,097	1,010	1,018,530	1,095,075	
Equipment rental, repairs and maintenance	91,655	20,386	66,046	141,680	72,915	15,522	-	10,522	418,726	31,479	990	451,195	485,467	
Facility repairs and maintenance	131,862	19,993	39,927	58,741	1,036	523	-	2,542	254,624	12,161	129	266,914	292,632	
Client participation expenses	134,917	77,624	256,048	172,719	801,658	62,238	11,250	943	1,517,397	14,465	-	1,531,862	1,353,699	
Staff expense	2,975	330	5,209	58,627	548	29,317	-	10,241	107,247	152,341	4,898	264,486	206,250	
Insurance expense	62,501	16,488	116,503	205,977	12,366	19,577	-	17,871	451,283	55,568	4,429	511,280	521,343	
Depreciation and amortization	596,557	51,115	232,857	805,906	3,465	-	-	1,639	1,691,539	722,472	-	2,414,011	2,077,497	
Gifts-in-kind expense	-	2,384,168	13,584,320	-	-	-	-	-	15,968,488	-	-	15,968,488	15,562,179	
Events expense	28	9,539	262,125	1,318	3,323	95,529	-	-	371,862	46,756	21,847	440,465	414,096	
Interest and finance fees	52,140	10,155	256,181	660,280	2,178	631	-	2,393	983,958	385,603	-	1,369,561	1,207,907	
Other expenses	40,930	437,796	350,540	28,961	14,755	19,405	14	678	893,079	152,361	60,085	1,105,525	912,600	
Total expenses	\$ 4,987,326	\$ 4,361,939	\$ 25,591,973	\$ 18,200,527	\$ 2,222,751	\$ 1,899,065	\$ 62,264	\$ 1,746,666	\$ 59,072,511	\$ 5,246,600	\$ 547,521	\$ 64,866,632	\$ 61,773,549	

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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	\$ (938,550)	\$ 4,566,447
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,414,011	2,077,497
Contributions restricted for endowment	-	(2,780)
Contribution of general partnership interest in Fitzpatrick Associates Limited Partnership	-	(4,839)
Contribution of AIDS Treatment Data Network	-	(54,334)
Contribution of Life Force, Inc.	(46,987)	-
Changes in operating assets and liabilities:		
Decrease (increase) in Medicaid receivables	4,142,388	(4,185,439)
Increase in grants and contract service receivable	(415,381)	(378,896)
Increase in contributions receivable	(40,800)	(4,575)
Increase in thrift shop and bookstore inventory	(175,943)	(794,663)
Increase in prepaid expenses and other assets	(232,167)	(31,905)
(Increase) decrease in security deposits and other assets	(107,589)	16,670
Increase in accounts payable and accrued expenses	247,838	1,021,037
Decrease in due to government agency	(216,090)	(202,558)
Decrease in deferred revenue - HHAC	(70,440)	(5,870)
Increase in deferred rent payable	148,928	238,565
Increase in other liabilities	231,816	46,243
Net cash provided by operating activities	<u>4,941,034</u>	<u>2,300,600</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,958,477)	(1,241,061)
Cash received in acquisition of Life Force, Inc.	46,987	-
(Increase) decrease in restricted cash - debt service and contingency reserve funds	(43,418)	88,142
Net cash used in investing activities	<u>(1,954,908)</u>	<u>(1,152,919)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans payable	182,468	578,343
Repayments of loans payable	(2,463,774)	(1,684,273)
Minority interest	54,029	(14,105)
Increase in investments - other	(657,515)	-
Contributions restricted for endowment	-	2,780
Net cash used in financing activities	<u>(2,884,792)</u>	<u>(1,117,255)</u>
Net increase in cash	101,334	30,426
Cash, beginning of year	<u>535,182</u>	<u>554,756</u>
Cash, end of year	<u>\$ 636,516</u>	<u>\$ 585,182</u>

Supplemental cash flow information:

\$1,065,848 of fixed assets were acquired via capital leases.

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

HOUSING WORKS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2011

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 twelve 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.

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 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

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June 30, 2011

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 applied for tax exempt status under Section 501(a) of the Internal Revenue Code, but tax exemption was never obtained and the organization has since been selected for audit by the Internal Revenue Service to clarify the taxpayer’s tax status.

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 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

HOUSING WORKS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2011

inherent contribution on the consolidated statement of activities, as ATDN was acquired without consideration.

In January 2011, the Organization acquired and therefore absorbed the net assets and operations of Life Force: Women Fighting AIDS, Inc. ("Life Force"). Life Force is a not-for profit, independent, community-based organization whose mission is to reduce the incidence of HIV/AIDS and to address the other broad range of health issues of women of color, particularly in Brooklyn, New York. Life Force addresses the need for HIV education through peer-led education initiatives, and, in this effort, works to identify and mobilize the resources of the community it serves. The fair market value of Life Force's net assets totaled approximately \$47,000 at the time of acquisition and was recorded as an inherent contribution on the consolidated statement of activities.

The Organization, 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 the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2011 and 2010, temporarily restricted net assets were both time restricted and 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 8).

For the years ended June 30, 2011 and 2010, the Organization received \$0 and \$2,780, respectively, in permanently restricted contributions, to be included within the endowment fund established in the memory of a deceased co-president.

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Notes to Consolidated Financial Statements

June 30, 2011

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.

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. 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

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Notes to Consolidated Financial Statements

June 30, 2011

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

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. Receivables outstanding longer than the payment terms are considered past due. The Organization writes off accounts receivables 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, 2011 and 2010, the Organization's cash was placed with high credit quality financial institutions and, accordingly, the Organization does not anticipate any losses with respect to these depository accounts.

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.

HOUSING WORKS, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2011

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, 2010, from which the summarized information was derived.

Taxes

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. This guidance did not have a material impact on the Organization's consolidated financial statements, as management determined that there are no uncertain tax positions within its financial statements.

The Organization is exempt from federal income taxation by virtue of being an organization described in Section 501(c)(3) of the Internal Revenue Code. Nevertheless, the Organization may be subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The tax years ending June 30, 2008, 2009, 2010 and 2011 are still open to audit for both federal and state purposes.

3. PROPERTY AND EQUIPMENT, NET

At June 30, 2011 and 2010, property and equipment, net, consisted of the following:

	<u>2011</u>	<u>2010</u>
Land	\$ 809,209	\$ 809,209
Buildings and building improvements	15,575,022	15,220,589
Equipment, furniture and fixtures	7,498,257	6,904,525
Vehicles	441,393	405,723
Leasehold improvements	18,071,154	18,038,113
Capital leases	<u>1,486,998</u>	<u>421,150</u>
	43,882,033	41,799,309
Less: Accumulated depreciation and amortization	(20,331,630)	(17,917,619)
Construction in progress	<u>1,261,545</u>	<u>319,944</u>
	<u>\$ 24,811,948</u>	<u>\$ 24,201,634</u>

As of June 30, 2011 and 2010, the Organization had capitalized interest of approximately \$18,206 and \$17,685, respectively, which was included within prepaid expenses and other assets in the accompanying consolidated statements of financial position.

HOUSING WORKS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2011

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.

Capital Leases

The Organization leases various office equipment under noncancelable leasing arrangements that are classified as capital leases. The related cost and accumulated depreciation is included within "Property and equipment, net" in the accompanying consolidated statement of financial position, and at June 30, 2011, were as follows:

Equipment	\$ 1,486,998
Less: Accumulated depreciation	<u>(495,426)</u>
	<u>\$ 991,572</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 at June 30, 2011, were as follows:

Year ending June 30,

2012	\$ 328,347
2013	314,761
2014	275,115
2015	96,384
2016	<u>19,924</u>
	1,034,531
Less: Amount representing interest	<u>(36,303)</u>
	<u>\$ 998,228</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, 2011 and 2010, 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, 2011 and 2010, for which the Organization paid approximately \$1,456,000 and \$1,450,000, 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, 2011 and 2010, the Organization contributed no additional capital. At June 30, 2011 and 2010, the investment in Amida Care, Inc. was fully reserved for since Amida Care, Inc. had an accumulated deficit at those times. In addition, the Organization has entered into and guaranteed loans on behalf of Amida Care, Inc. (Note 5).

HOUSING WORKS, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2011

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 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 the Organization. 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, 2011 and 2010, loans payable consisted of the following:

	<u>2011</u>	<u>2010</u>
Line of credit - \$1,000,000, bearing interest at a stated rate of 4.00%. This line of credit terminated on January 31, 2010, and was converted to a promissory note on November 2, 2010.	\$ -	\$ 1,000,000
Promissory note, dated November 2, 2010 - \$1,150,000 principal amount, payable in 23 installments of \$49,000 each along with interest accrued at .75% above the prime rate (4.00% at June 30, 2011), and one final principal and interest payment of \$23,079. This note replaced the line of credit immediately above.	709,000	-
Mortgage payable - \$4,285,000 face amount, due July 2022, payable in monthly installments with interest at 3.25% at June 30, 2011 and 2010. The mortgage is with Dormitory Authority of the State of New York (“DASNY”) and is secured by the related property at 2626 Pitkin Avenue, Brooklyn, New York.	3,565,000	3,820,000
Mortgage payable - \$3,925,000 face amount, due July 2022, payable in monthly installments with interest at 3.25% at June 30, 2011 and 2010. The mortgage is with DASNY and is secured by the related property at 743-749 East 9th Street, New York City.	3,275,000	3,500,000
Mortgage payable - \$1,135,000 face amount, due July 2013, payable in monthly installments with interest at 3.25% at June 30, 2011 and 2010. The mortgage is with DASNY and is secured by the related property at 320 West 13th Street, New York City.	325,000	600,000
Mortgage payable - \$249,000 face amount, the loan bears an interest rate of 7.75% per annum, and is scheduled to mature July 1, 2021. The mortgage is secured by the property at 2609 Pitkin Avenue, Brooklyn, New York and is through the Low Income Housing Fund.	222,976	237,033

HOUSING WORKS, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2011

	<u>2011</u>	<u>2010</u>
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.	\$ 372,122	\$ 474,584
Loan payable - \$128,571 representing the Organization's pro rata share of a loan guaranteed by the partners Amida Care, Inc. The loan is payable by Amida Care, Inc. at an interest rate of 9% per annum. The Organization is required to make quarterly interest-only payments.	125,571	128,571
Loan 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.	392,364	431,036
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.	1,422,222	1,711,110
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 (5.00% at June 30, 2010). On November 16, 2010 \$149,999 was repaid and \$150,000 was rolled into the \$1,150,000 Promissory Note above.	-	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 plus 3% (6.25 % at 6/30/2010). This loan was repaid in full on 9/30/2010.	-	225,000
Loan payable - \$150,000 face amount. The loan is through the NYC Department of Housing and Urban Development.	150,000	150,000
Revolving credit line - Life Force	10,208	-
Liabilities under capital leases	<u>998,228</u>	<u>206,449</u>
Total loans payable	11,567,691	12,783,149
Less: Current maturities	<u>(2,267,221)</u>	<u>(2,826,170)</u>
Long-term portion	<u>\$ 9,300,470</u>	<u>\$ 9,956,979</u>

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

HOUSING WORKS, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2011

Future principal payments on loans payable are as follows at June 30, 2011:

Year ending June 30,	
2012	\$ 2,267,221
2013	1,320,883
2014	1,532,406
2015	1,006,281
2016	1,044,872
Thereafter	<u>4,396,028</u>
	<u>\$ 11,567,691</u>

For the years ended June 30, 2011 and 2010, interest expense totaled \$711,890 and \$706,409, respectively.

At June 30, 2011 and 2010, debt service and contingency reserve funds of approximately \$951,000 and \$907,000, 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-Clairemont 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, 2011 and 2010, the unamortized balances of approximately \$1,133,000 and \$1,203,000, respectively, were reflected in the consolidated statement of financial position as “Deferred revenue – HHAC”.

HOUSING WORKS, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2011

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 \$654,000 in order to cover certain operating costs. During June 30, 2011 and 2010, the Organization received permanently restricted contributions of \$0 and \$2,780, respectively. On December 9, 2010, the Organization replenished the amounts borrowed from the endowment fund. As of June 30, 2011, the endowment fund was comprised of cash and was included as "Investments - other" on the consolidated statement of financial position.

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.

In September 2010, the State of New York passed the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), its version of the Uniform Prudent Management of Institutional Funds Act. All not-for-profit corporations formed in the State of New York are required to adopt NYPMIFA. This Legislation, which applies only to donor-restricted endowments, was effective for the Organization's 2011 fiscal year. The application of this legislation did not have any effect on the fiscal 2011 consolidated financial statements.

The following table illustrates the changes in the Organization's endowment net assets as of June 30, 2011 and 2010:

	2011		
	Unrestricted	Permanently Restricted	Total
Donor-restricted (endowment)	<u>\$ -</u>	<u>\$ 657,515</u>	<u>\$ 657,515</u>
	2010		
	Unrestricted	Permanently Restricted	Total
Donor-restricted (endowment)	<u>\$ (657,515)</u>	<u>\$ 657,515</u>	<u>\$ -</u>

HOUSING WORKS, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2011

The following summarizes endowment related activities for the year ended June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ (657,515)	\$ -	\$ 657,515	\$ -
Transfer to donor-restricted endowment fund	<u>657,515</u>	<u>-</u>	<u>-</u>	<u>657,515</u>
Endowment assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 657,515</u>	<u>\$ 657,515</u>

The following summarizes endowment related activities for the year ended June 30, 2010:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ (657,515)	\$ 657,515	\$ -
Endowment assets, end of year	<u>\$ (657,515)</u>	<u>\$ 657,515</u>	<u>\$ -</u>

At June 30, 2011 and 2010, 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, 2011 and 2010 was \$20,750 and \$17,800, respectively.

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.

Future minimum lease payments under these noncancelable operating leases are as follows at June 30, 2011:

Year ending June 30,	
2012	\$ 4,979,585
2013	4,621,112
2014	4,119,052
2015	3,653,508
2016	2,184,354
Thereafter	<u>8,303,404</u>
	<u>\$ 27,861,015</u>

HOUSING WORKS, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2011

For the years ended June 30, 2011 and 2010, rent expense totaled approximately \$5,692,000 and \$5,276,000, 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, 2011 consolidated financial statements for subsequent events through March 12, 2012, 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.

SUPPLEMENTARY INFORMATION

Housing Works, Inc. and Affiliates
Consolidating Schedule of Financial Position
As of June 30, 2011

	HWI	Book Store	Thrift	HWS1	HWS2	HWS3	HWDC1	HWDC2	HWDC3	STREETER	ATDN	PITKIN	GOTHAM	Willoughby	Bronx Claremont Parkway GP Cons	LEX	JEFF	Food Services	Life Force	Total Consolidated
ASSETS																				
CURRENT ASSETS																				
Cash	\$ 499,371	\$ 8,500	\$ 34,194	\$ 3,700	\$ 5,500	\$ 562	\$ -	\$ 1,001	\$ 4,500	\$ -	\$ 314	\$ 691	\$ 5,884	\$ 4,295	\$ -	\$ 58,772	\$ 1,956	\$ 7,275	\$ 1	\$ 636,516
Medicaid receivables	472,692	-	-	489,123	550,754	335,862	-	-	-	-	-	-	-	461,097	-	-	-	-	-	2,309,528
Grant and contract service receivables	615,023	-	-	62,854	-	40,120	148,816	194,591	154,791	-	-	-	-	50,354	-	231,524	165,657	-	76,220	1,739,950
Contributions receivable	196,465	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	196,465
Thrift shop and bookstore inventory, net	-	718,439	5,669,044	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,299	-	6,410,782
Intercompany receivable/payable	11,958,048	(1,112,115)	2,390,108	(1,149,578)	1,364,265	(898,812)	(464,814)	146,783	(2,390,899)	(234,164)	(202,818)	(524,003)	1,761,466	(7,455,839)	39,393	(2,131,285)	(901,530)	(192,642)	(1,564)	-
Prepaid expenses and other assets	401,953	4,548	151,719	-	4,175	-	(150)	-	5,977	-	-	-	-	-	-	1,338	54,698	40,869	1	665,128
Total current assets	14,143,552	(380,628)	8,245,065	(593,901)	1,924,694	(522,268)	(316,148)	342,375	(2,225,631)	(234,164)	(202,504)	(523,312)	1,767,350	(6,940,093)	39,393	(1,839,651)	(679,219)	(121,199)	74,658	11,958,369
LONG-TERM ASSETS																				
Restricted cash - debt service and contingency reserve funds	-	-	-	183,110	52,680	198,690	-	-	-	-	-	-	-	-	516,158	-	-	-	-	950,638
Investments - other	657,515	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	657,515
Security deposits and other assets	209,990	-	589,441	415,917	58,903	406,479	3,376	-	4,885	-	9,435	92,238	88,323	-	(2,250)	10,345	13,851	-	500	1,901,433
Property and equipment, net	1,641,122	261,049	942,360	2,889,394	627,949	1,788,334	2,079,616	2,066,520	3,447,411	-	24,181	659,574	4,851	2,263,850	1,308,850	2,848,572	1,950,206	8,109	-	24,811,948
Total long-term assets	2,508,627	261,049	1,531,801	3,488,421	739,532	2,393,503	2,082,992	2,066,520	3,452,296	-	33,616	751,812	93,174	2,263,850	1,822,758	2,858,917	1,964,057	8,109	500	28,321,534
Total assets	\$ 16,652,179	\$ (119,579)	\$ 9,776,866	\$ 2,894,520	\$ 2,664,226	\$ 1,871,235	\$ 1,766,844	\$ 2,408,895	\$ 1,226,665	\$ (234,164)	\$ (168,888)	\$ 228,500	\$ 1,860,524	\$ (4,676,243)	\$ 1,862,151	\$ 1,019,266	\$ 1,284,838	\$ (113,090)	\$ 75,158	\$ 40,279,903
LIABILITIES AND NET ASSETS																				
CURRENT LIABILITIES																				
Accounts payable and accrued expenses	\$ 4,775,211	\$ (29,390)	\$ 304,117	\$ 263,684	\$ 260,158	\$ 174,841	\$ 178,974	\$ 27,618	\$ 103,862	\$ 7,669	\$ -	\$ 9,043	\$ 104,029	\$ 8,331	\$ 3,570	\$ 270,311	\$ 111,110	\$ 130,308	\$ -	\$ 6,703,446
Current maturities of loans payable	949,846	-	-	276,447	326,449	301,448	-	-	-	-	4,348	60,096	30,000	266,667	-	41,718	-	-	10,202	2,267,221
Due to government agency - current portion	-	-	-	-	-	-	-	-	93,221	-	-	-	-	-	-	-	-	-	-	93,221
Total current liabilities	5,725,057	(29,390)	304,117	540,131	586,607	476,289	178,974	27,618	197,083	7,669	4,348	69,139	134,029	274,998	3,570	312,029	111,110	130,308	10,202	9,063,888
LONG-TERM LIABILITIES																				
Loans payable	798,686	-	-	3,122,594	122,593	3,387,593	-	-	-	-	5,099	207,705	-	1,155,555	150,000	350,645	-	-	-	9,300,470
Deferred revenue - HHAC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,132,926	-	-	-	-	1,132,926
Deferred rent payable	118,548	-	718,129	-	-	-	-	-	-	-	4,310	-	-	66,101	-	-	-	-	-	907,088
Other liabilities	5,295	6,543	25,255	-	-	-	-	-	9,646	-	-	-	-	-	51,293	-	-	224,738	-	322,770
Total long-term liabilities	922,529	6,543	743,384	3,122,594	122,593	3,387,593	-	-	9,646	-	9,409	207,705	-	1,221,656	1,334,219	350,645	-	224,738	-	11,663,254
Total liabilities	6,647,586	(22,847)	1,047,501	3,662,725	709,200	3,863,882	178,974	27,618	206,729	7,669	13,757	276,844	134,029	1,496,654	1,337,789	662,674	111,110	355,046	10,202	20,727,142
Noncontrolling interest in Fitzpatrick Associates limited partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	519,118	-	-	-	-	519,118
NET ASSETS																				
Unrestricted	8,896,929	(96,732)	8,729,365	(768,205)	1,955,026	(1,992,647)	1,587,870	2,381,277	1,019,936	(241,833)	(182,645)	(48,344)	1,726,495	(6,172,897)	5,244	346,175	1,173,728	(468,136)	64,956	17,915,562
Temporarily restricted	450,149	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,417	-	-	-	460,566
Permanently restricted	657,515	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	657,515
Total net assets	10,004,593	(96,732)	8,729,365	(768,205)	1,955,026	(1,992,647)	1,587,870	2,381,277	1,019,936	(241,833)	(182,645)	(48,344)	1,726,495	(6,172,897)	5,244	356,592	1,173,728	(468,136)	64,956	19,033,643
Total liabilities and net assets	\$ 16,652,179	\$ (119,579)	\$ 9,776,866	\$ 2,894,520	\$ 2,664,226	\$ 1,871,235	\$ 1,766,844	\$ 2,408,895	\$ 1,226,665	\$ (234,164)	\$ (168,888)	\$ 228,500	\$ 1,860,524	\$ (4,676,243)	\$ 1,862,151	\$ 1,019,266	\$ 1,284,838	\$ (113,090)	\$ 75,158	\$ 40,279,903

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, 2011

	HWI	Book Store	Thrift	HWS1	HWS2	HWS3	HWDC1	HWDC2	HWDC3	STREETER	ATDN	PITKIN	GOTHAM	Willoughby	Bronx Claremont Parkway GP Cons	LEX	JEFF	HWFSC	LIFE FORCE	Total Before Eliminations	Eliminations	Consolidated
OPERATING REVENUES AND OTHER SUPPORT																						
Grants and contract services	\$ 2,513,931	\$ -	-	\$ 496,224	\$ -	\$ 463,362	\$ 911,897	\$ 978,426	\$ 467,095	\$ -	\$ -	\$ -	\$ -	\$ 150,316	\$ -	\$ 783,629	\$ 1,526,025	\$ -	\$ 86,374	\$ 8,377,279	\$ -	\$ 8,377,279
Bookstore sales	-	884,461	1,434,529	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,318,990	-	2,318,990
Thrift shop sales	-	1,434,529	12,441,176	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,875,705	-	13,875,705
Medicaid revenues	4,502,095	-	-	3,883,043	5,559,773	3,178,342	-	-	-	-	-	-	-	1,665,290	-	-	-	-	-	18,788,543	-	18,788,543
In-kind contributions	-	2,449,426	13,707,152	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,156,578	-	16,156,578
Contributions	617,810	157,483	931,766	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60	269	1,707,388	-	1,707,388
Rental income on apartments	207,211	-	-	-	990	-	91,344	29,505	63,770	-	-	17,811	-	-	288,756	2,972	203,430	-	-	905,789	-	905,789
Food services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,197,287	-	2,197,287	(1,564,252)	633,035
Property management income	-	-	-	-	-	-	-	-	-	-	-	-	1,802,921	-	-	-	-	-	-	1,802,921	(1,802,921)	-
Other revenue	215,995	127,033	224,575	24,000	-	-	-	17,550	9,043	-	-	72,000	-	10,982	82,833	-	12,157	-	-	796,168	(238,350)	557,818
Net assets released from restrictions	521,238	-	-	-	-	96,970	-	-	-	-	-	-	-	72,727	-	14,583	-	-	-	705,518	-	705,518
Total operating revenues and other support	8,578,280	5,052,932	28,739,198	4,403,267	5,560,763	3,738,674	1,003,241	1,025,481	539,908	-	-	89,811	1,802,921	1,899,315	371,589	801,184	1,741,612	2,197,347	86,643	67,632,166	(3,605,523)	64,026,643
EXPENSES																						
Salaries and wages	7,516,856	620,836	4,948,044	1,417,962	1,762,460	1,197,352	276,542	362,167	205,505	-	-	-	1,188,828	1,180,612	109,318	228,027	140,190	970,539	48,190	22,173,428	-	22,173,428
Fringe benefits	1,918,790	153,245	1,243,082	370,985	467,290	314,001	37,788	57,201	25,345	-	-	-	345,910	330,757	-	44,940	31,550	232,409	3,763	5,577,056	-	5,577,056
Professional service fees	398,710	18,634	99,379	52,138	74,405	95,833	11,143	5,339	5,860	-	169	975	11,084	103,578	18,836	3,543	14,447	8,580	5,250	927,903	-	927,903
Contracted services	932,389	135,186	645,961	588,213	783,778	582,048	335,115	348,527	349,383	-	(10,213)	8,578	68,111	364,616	-	300,377	14,686	51,992	1,865	5,500,612	(3,439,173)	2,061,439
Client stipends and reimbursements	84,601	-	-	45,328	61,309	39,932	8,629	10	9,490	-	-	-	-	20,296	-	-	-	15,830	1,472	286,897	-	286,897
Supplies	299,590	102,026	125,243	70,467	68,461	35,285	22,988	18,013	22,137	-	1,098	1,307	5,576	150,873	-	17,281	62,240	23,860	(88)	1,026,357	-	1,026,357
Occupancy expenses - office	793,199	280,314	3,223,186	-	515,096	-	-	(859)	14,882	-	55,361	9,394	75,667	260,977	-	2,662	22,118	24,000	-	5,275,997	(148,350)	5,127,647
Occupancy expenses - client	240,886	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,030	321,163	-	-	564,079	-	564,079
Utilities - Office	314,630	104,540	367,517	154,578	135,735	78,359	87,221	96,384	67,749	-	8,641	2,663	39,735	100,928	41,499	33,564	9,553	19,959	-	1,663,255	-	1,663,255
Utilities - Client	52,917	-	818	349	50	2,291	-	-	42	-	-	-	47	50	-	5,986	53,704	-	-	116,254	-	116,254
Transportation	311,903	1,726	175,639	139,378	181,297	86,584	224	-	9,478	-	-	22	6,597	46,738	-	12,164	26,887	19,183	710	1,018,530	-	1,018,530
Equipment rental, repairs and maintenance	110,466	20,386	66,046	13,160	29,066	19,411	21,034	24,129	23,078	-	2,126	1,645	10,522	19,213	-	11,355	6,643	72,915	-	451,195	-	451,195
Facility repairs & maintenance	14,481	19,993	39,927	815	47,016	1,043	25,063	19,554	19,913	-	-	7,562	2,542	9,441	46,376	11,952	200	1,036	-	266,914	-	266,914
Client participation expense	128,815	77,624	256,048	20,378	81,696	38,550	15,655	12,180	25,524	-	-	-	943	15,709	-	53,911	20,791	801,658	380	1,549,862	(18,000)	1,531,862
Staff expense	195,838	329	5,210	16,995	7,967	15,904	86	-	940	-	-	-	10,241	10,396	-	32	-	548	-	264,486	-	264,486
Insurance expense	152,236	16,488	116,503	25,997	47,021	30,604	12,693	11,472	9,028	-	646	970	17,871	34,382	13,254	5,257	4,492	12,366	-	511,280	-	511,280
Depreciation and amortization	729,585	51,115	232,857	204,999	120,960	128,748	103,308	123,802	162,103	-	8,952	29,782	1,639	337,928	69,000	104,345	1,423	3,465	-	2,414,011	-	2,414,011
Gifts-in-kind expense	-	2,384,168	13,584,320	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,968,488	-	15,968,488
Event expense	164,274	9,541	262,126	274	249	331	-	-	-	-	-	-	-	319	-	28	-	3,323	-	440,465	-	440,465
Interest and finance fees	391,342	10,154	256,181	223,084	76,487	236,842	-	-	(3,707)	-	1,445	18,013	2,393	122,247	-	32,902	(83)	2,178	83	1,369,561	-	1,369,561
Other expenses	248,239	437,796	350,540	2,629	2,386	2,732	74	273	275	-	2,107	25	678	3,033	18,730	4,543	9,661	14,755	7,049	1,105,525	-	1,105,525
Management and expenses	(5,040,150)	156,494	1,105,718	813,553	1,111,891	837,042	59,756	75,030	87,369	-	6,107	9,211	(198,860)	766,944	-	49,912	42,641	117,342	-	-	-	-
Total expenses	9,959,597	4,600,595	27,105,345	4,161,282	5,574,620	3,742,892	1,017,319	1,153,222	1,034,394	-	76,439	90,147	1,589,524	3,879,037	317,013	923,811	782,306	2,395,938	68,674	68,472,155	(3,605,523)	64,866,632
NON-OPERATING REVENUES AND OTHER SUPPORT																						
Limited partnership interest loss of Fitzpatrick Associates Limited Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(54,029)	-	-	-	-	(54,029)	-	(54,029)
Inherent contribution - Acquisition of Life Force, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46,987	46,987	-	46,987
Total non-operating revenues and other support	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(54,029)	-	-	-	46,987	(7,042)	-	(7,042)
Change in net assets before entrepreneurial contributions	(1,381,317)	452,337	1,633,853	241,985	(13,857)	(4,218)	(14,078)	(127,741)	(494,486)	-	(76,439)	(336)	213,397	(1,979,722)	547	(122,627)	959,306	(198,591)	64,956	(847,031)	-	(847,031)
Entrepreneurial contributions	(1,546,311)	1,546,311	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in unrestricted net assets	164,994	(1,093,974)	1,633,853	241,985	(13,857)	(4,218)	(14,078)	(127,741)	(494,486)	-	(76,439)	(336)	213,397	(1,979,722)	547	(122,627)	959,306	(198,591)	64,956	(847,031)	-	(847,031)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS																						
Contributions	419,303	-	-	-	-	96,970	-	-	-	-	-	-	-	72,727	-	24,999	-	-	-	613,999	-	613,999
Net assets released from restrictions	(521,238)	-	-	-	-	(96,970)	-	-	-	-	-	-	-	(72,727)	-	(14,583)	-	-	-	(705,518)	-	(705,518)
(Decrease) increase in temporarily restricted net assets	(101,935)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,416	-	-	-	(91,519)	-	(91,519)
Change in net assets	63,059	(1,093,974)	1,633,853	241,985	(13,857)	(4,218)	(14,078)	(127,741)	(494,486)	-	(76,439)	(336)	213,397	(1,979,722)	547	(112,211)	959,306	(198,591)	64,956	(938,550)	-	(938,550)
Net assets, beginning of year	9,941,534	997,242	7,095,512	(1,010,190)	1,968,883	(1,988,429)	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	(269,545)	-	19,972,193	-	19,972,193
Net assets, end of year	\$ 10,004,593	\$ (96,732)	\$ 8,729,365	\$ (768,205)	\$ 1,955,026	\$ (1,992,647)	\$ 1,587,870	\$ 2,381,277	\$ 1,019,936	\$ (241,833)	\$ (182,645)	\$ (48,344)	\$ 1,726,495	\$ (6,172,897)	\$ 5,244	\$ 356,592	\$ 1,173,728	\$ (468,136)	\$ 64,956	\$ 19,033,643	\$ -	\$ 19,033,643

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