

**FIFTH AVENUE COMMITTEE, INC.
AND CONSOLIDATED SUBSIDIARIES**
Financial Statements
June 30, 2009 and 2008

EZKR Certified Public Accountants
& Consultants
Eisman, Zucker, Klein & Ruttenberg, LLP

**FIFTH AVENUE COMMITTEE, INC.
AND CONSOLIDATED SUBSIDIARIES
Financial Statements
June 30, 2009 and 2008**

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Independent Auditors' Report

To the Board of Directors of
Fifth Avenue Committee, Inc.

We have audited the accompanying consolidated statements of financial position of Fifth Avenue Committee, Inc. and subsidiaries as of June 30, 2009 and 2008, and the related consolidated statements of activities, changes in net assets, accumulated deficits, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As more fully described in the "Accounting for Variable Interest Entities and Limited Partnerships" note to the accompanying consolidated financial statements, the Corporation has elected not to consolidate the assets, liabilities, net assets, revenues and expenses of certain limited partnerships in which the Corporation wholly-owns the general partner, as required by accounting principles generally accepted in the United States of America.

In our opinion, except for the Corporation not consolidating certain limited partnerships in which the Corporation wholly-owns the general partner as referred to in the preceding paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Fifth Avenue Committee, Inc. and consolidated subsidiaries as of June 30, 2009 and 2008 and the consolidated results of its activities, changes in net assets and accumulated deficits and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying schedules of consolidated functional expenses for the year ended June 30, 2009 and 2008 on pages 31 and 32 and the supplemental schedules on pages 33-35 are presented for the purpose of additional analysis and are not a required part of the basic consolidated financial statements. This information has been subjected to the same auditing procedures applied in the audits of the consolidated financial statements referred to above and, in our opinion, is fairly stated in all material respects, in relation to these consolidated financial statements taken as a whole.

Eiseman, Zwickler, Klein & Rittenberg, LLP

January 20, 2010

**FIFTH AVENUE COMMITTEE, INC..
AND CONSOLIDATED SUBSIDIARIES**
Consolidated Statements of Financial Position
June 30,

ASSETS

	2009	2008
Current Assets		
Cash & cash equivalents	\$ 937,512	\$ 1,219,640
Grants receivable	1,206,347	696,238
Accounts receivable, net	251,070	302,709
Other receivables	64,982	20,642
Prepaid expenses	120,221	169,189
Total Current Assets	2,580,132	2,408,418
 Fixed Assets		
Fixed assets, net	8,089,537	6,791,343
Construction in progress	32,480,647	28,006,412
Total Fixed Assets	40,570,184	34,797,755
 Other Assets		
Reserves	27,110	191,051
Assigned debt receivable	-	836,128
Advances to affiliated companies	348,916	383,672
Other assets	259,460	239,649
Total Other Assets	635,486	1,650,500
 TOTAL ASSETS	 \$ 43,785,802	 \$ 38,856,673

See accompanying notes

**FIFTH AVENUE COMMITTEE, INC..
AND CONSOLIDATED SUBSIDIARIES
Consolidated Statements of Financial Position
June 30,**

LIABILITIES, NET ASSETS AND STOCKHOLDERS' EQUITY(DEFICIT)

	2009	2008
Current Liabilities		
Accounts payable	\$ 431,914	\$ 770,525
Accrued expenses	874,380	177,852
Accrued interest payable	672,441	-
Notes payable - current portion	455,000	5,232,811
Mortgage payable - current portion	6,637,079	1,365,388
Loans payable - affiliated company	50,000	55,000
Unearned income	793,577	137,859
Refundable grants	97,347	-
Other payables	133,254	90,122
Advances from affiliated companies	95,750	5,091
Total Current Liabilities	10,240,742	7,834,648
 Long-Term Debt		
IDA funds	69,796	69,796
Notes payable	4,848,843	6,809,236
Mortgages payable	25,269,926	20,890,487
Total Long-Term Debt	30,188,565	27,769,519
 TOTAL LIABILITIES	 40,429,307	 35,604,167
 Net Assets		
Unrestricted	3,069,927	2,895,597
Temporarily restricted	344,481	318,556
Total Net Assets	3,414,408	3,214,153
 Stockholders' Equity(Deficit)		
Preferred Stock	1	1
Additional paid in capital	82,999	81,999
Accumulated deficit	(140,913)	(43,647)
Total Stockholders' Equity(Deficit)	(57,913)	38,353
 Total Net Assets and Stockholders' Equity(Deficit)	 3,356,495	 3,252,506
 TOTAL LIABILITIES, NET ASSETS AND STOCKHOLDERS' EQUITY(DEFICIT)	 \$ 43,785,802	 \$ 38,856,673

See accompanying notes

**FIFTH AVENUE COMMITTEE, INC.
AND CONSOLIDATED SUBSIDIARIES**
Consolidated Statement of Activities
For the Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>For Profit Subsidiaries</u>	<u>Total</u>
Support and Revenue				
Government grants	\$ 704,068	\$ 587,313	\$ -	\$ 1,291,381
Contributions - corporations	1,279,891	-	-	1,279,891
Contributions - foundations	1,871,047	723,000	-	2,594,047
Management fees	633,365	-	-	633,365
Development & marketing fees	522,286	-	-	522,286
Individual contributions	52,333	-	-	52,333
Personnel placement fees	-	-	1,419,513	1,419,513
Program Services	237,946	-	-	237,946
Fundraising income	283,124	-	-	283,124
Rental income	1,053,928	-	208	1,054,136
Interest income	389	-	1,183	1,572
Subcontract income	25,000	-	-	25,000
Insurance proceeds	64,982	-	-	64,982
Other revenues	157,501	-	20,186	177,687
Net assets released from restrictions:				
Satisfaction of program restrictions	1,284,388	(1,284,388)	-	-
Total Support and Revenue	<u>8,170,248</u>	<u>25,925</u>	<u>1,441,090</u>	<u>9,637,263</u>
Expenses				
Program services	3,271,900	-	-	3,271,900
Management and general	356,437	-	-	356,437
Fundraising	466,582	-	-	466,582
Subsidiaries' expenses	3,995,087	-	1,516,373	5,511,460
Total Expenses	<u>8,090,006</u>	<u>-</u>	<u>1,516,373</u>	<u>9,606,379</u>
CHANGE IN NET ASSETS/ NET INCOME	<u>\$ 80,242</u>	<u>\$ 25,925</u>	<u>\$ (75,283)</u>	<u>\$ 30,884</u>

See accompanying notes

**FIFTH AVENUE COMMITTEE, INC.
AND CONSOLIDATED SUBSIDIARIES**
Consolidated Statement of Activities
For the Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>For Profit Subsidiaries</u>	<u>Total</u>
Support and Revenue				
Government grants	\$ -	\$ 1,723,295	\$ -	\$ 1,723,295
Contributions - corporations	390,940	158,893	-	549,833
Contributions - foundations	2,977,009	615,000	-	3,592,009
Management fees	682,060	-	14,802	696,862
Development & marketing fees	669,592	-	-	669,592
Personnel placement fees	-	-	1,883,566	1,883,566
Program services	26,318	-	-	26,318
Fundraising income	47,308	-	-	47,308
Rental income	864,628	-	-	864,628
Interest income	1,869	-	269	2,138
Other revenues	83,229	-	9,525	92,754
Net assets released from restrictions:				
Satisfaction of program restrictions	2,584,790	(2,584,790)	-	-
Total Support and Revenue	<u>8,327,743</u>	<u>(87,602)</u>	<u>1,908,162</u>	<u>10,148,303</u>
Expenses				
Program services	2,905,552	-	-	2,905,552
Management and general	683,330	-	-	683,330
Fundraising	238,327	-	-	238,327
Subsidiaries' expenses	3,731,225	-	1,855,144	5,586,369
Total Expenses	<u>7,558,434</u>	<u>-</u>	<u>1,855,144</u>	<u>9,413,578</u>
CHANGE IN NET ASSETS/ NET INCOME	<u>\$ 769,309</u>	<u>\$ (87,602)</u>	<u>\$ 53,018</u>	<u>\$ 734,725</u>

See accompanying notes

**FIFTH AVENUE COMMITTEE, INC..
AND CONSOLIDATED SUBSIDIARIES**
Consolidated Statements of Changes in Net Assets
For the Years Ended June 30, 2009 and 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net Assets, 6/30/2007	\$ 2,126,288	\$ 406,158	\$ 2,532,446
Change in net assets	769,309	(87,602)	681,707
Net Assets, 6/30/2008	<u>2,895,597</u>	<u>318,556</u>	<u>3,214,153</u>
Change in net assets	80,242	25,925	106,167
Net asset adjustments	94,088	-	94,088
NET ASSETS, 6/30/2009	<u>\$ 3,069,927</u>	<u>\$ 344,481</u>	<u>\$ 3,414,408</u>

See accompanying notes

**FIFTH AVENUE COMMITTEE, INC.
AND CONSOLIDATED SUBSIDIARIES**
Consolidated Statements of Accumulated Deficit
For the Years Ended June 30,

	2009	2008
Accumulated deficit, beginning	\$ (43,647)	\$ (96,665)
Net income for the year	(75,283)	53,018
Adjustments to deficit	(21,983)	-
ACCUMULATED DEFICIT, ENDING	\$ (140,913)	\$ (43,647)

See accompanying notes

**FIFTH AVENUE COMMITTEE, INC.
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Consolidated Statements of Cash Flows
For the Years Ended June 30,

	2009	2008
Cash Flows from Operating Activities		
Changes in net assets/ net income	\$ 30,884	\$ 734,725
Adjustments to reconcile change in net assets/ net income to net cash provided by operating activities:		
Depreciation & amortization	474,041	388,504
Bad debts expense	45,272	43,553
(Increase) Decrease in:		
Grants receivable	(510,109)	(341,070)
Other receivables	(44,340)	4,996
Accounts receivable	6,367	(58,058)
Prepaid expenses	48,968	(36,193)
Other assets	(19,811)	(25,822)
Assigned debt receivable	836,128	-
Advances to affiliated companies	34,756	(207,680)
Increase (Decrease) in:		
Accounts payable	(338,611)	(61,362)
Accrued expenses	696,528	5,932
Accrued interest	672,441	-
Unearned income	655,718	(29,788)
Refundable grants	97,347	-
Advances from affiliated companies	90,659	(141,074)
Other payables	43,132	10,042
Net Cash Provided By Operating Activities	2,819,370	286,705
Cash Flows Used in Investing Activities		
Additions to construction in progress	(4,474,235)	(5,364,096)
Purchase of leasehold improvements	-	(639,796)
Withdrawals from reserves	163,941	207,435
Land and building additions	(1,537,957)	-
Software purchases	(34,200)	-
Acquisition of furniture and fixtures	(115,101)	(109,670)
Net Cash Used By Investing Activities	\$ (5,997,552)	\$ (5,906,127)

See accompanying notes

**FIFTH AVENUE COMMITTEE, INC.
AND CONSOLIDATED SUBSIDIARIES
Consolidated Statements of Changes in Cash Flows
For the Years Ended June 30,**

	<u>2009</u>	<u>2008</u>
Cash Flows From Financing Activities		
Proceeds from notes payable	\$ -	\$ 4,255,083
Payments of notes payable	(6,738,204)	-
Proceeds from mortgages payable	9,651,130	477,207
Payment to notes payable - affiliated company	(5,000)	(5,000)
Adjustment to net assets	(11,872)	(848)
Net Cash Provided By Financing Activities	<u>2,896,054</u>	<u>4,726,442</u>
Net Decrease in		
Cash and Cash Equivalents	(282,128)	(892,980)
Cash and cash equivalents, beginning	<u>1,219,640</u>	<u>2,112,620</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 937,512</u>	<u>\$ 1,219,640</u>
Supplemental Information:		
Interest Paid	\$ 359,809	\$ 360,987
Income Taxes Paid	\$ 3,035	\$ 1,514

See accompanying notes

**FIFTH AVENUE COMMITTEE, INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2009 and 2008**

Organization

Fifth Avenue Committee, Inc. (“FAC” the “Corporation”) was established in 1977 and incorporated in August 1978. FAC is a South Brooklyn-based not-for-profit community development corporation whose mission is to advance social and economic justice principally by developing and managing affordable housing and community facilities, creating economic opportunities, organizing residents and workers, providing student-centered adult education and combating displacement caused by gentrification.. FAC also seeks to advance principles of equity, justice, inclusion, fairness and sustainability.

Over 5,000 low-and moderate-income individuals are served annually through the comprehensive set of programs.

Summary of Significant Accounting Policies

Basis of Presentation

The Corporation’s books are kept on the accrual basis of accounting and the financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Consolidation

The consolidated financial statements include all the accounts of FAC and its subsidiaries except for the Limited Partnerships interest which have been omitted from the consolidated financial statements as more fully explained in “*Accounting for Variable Interest Entities and Limited Partnerships*” footnote. All material inter-company accounts and transactions have been eliminated. The consolidated subsidiaries are:

LEAP, Inc., d.b.a. Brooklyn Workforce Innovations is a not-for-profit organization that works to empower low- and moderate-income people by creating living-wage employment opportunities and access to career paths. LEAP creates stable, long-term employment through job-training and placement programs. LEAP became a “controlled affiliate” of FAC on January 1, 2000.

**FIFTH AVENUE COMMITTEE, INC.
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Summary of Significant Accounting Policies (cont'd)

Basis of Consolidation (cont'd)

Community Staffing Solutions, Inc. (CSS) operates a personnel placement service that provides short- and long-term temporary staffing to businesses throughout New York City. Community Staffing commenced operations in December, 1998 and operates under the name of FirstSource Staffing.

Fifth Avenue Rehabilitation Corp. (FARC) is the general partner of the Fifth Avenue Corridor, L.P., which was created in 1995 to develop and operate 36 units of affordable housing for low-income families in 6 formerly vacant, abandoned buildings.

South Brooklyn Mutual NRP, Inc. (SBM-NRP) is the general partner of the South Brooklyn Mutual Limited Partnership, which was created in 1996 to renovate and operate 38 apartment units of affordable housing for low-income families in 6 buildings formerly owned by the City of New York.

FAC Local Development Corp (FAC LDC) was incorporated in May 2006 under Section 402 of the New York Not-For-Profit Corporation Law and Article XI of the Private Housing Finance Law of the State of New York. FAC LDC holds title to and manages the following projects – 182 4th Avenue and 621 DeGraw Street, a commercial building whose construction was completed in winter 2005 and is now serving as the headquarters of the Fifth Avenue Committee, Inc. and provides additional space which has been rented to other organizations.

551 Warren Street 1, Inc. is the general partner of 551 Warren Street 1 Limited Partnership, which was established in 1999 to develop and operate 62 single occupancy residential units in Brooklyn.

575 Fifth Ave, Inc. is the general partner for Supportive Slope, LP, a single occupancy facility being developed in the South Slope neighborhood.

St. Augustine Senior Housing, Inc. is a general partner for 61 Park Place Senior Housing, LP.

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Summary of Significant Accounting Policies (cont'd)

Basis of Consolidation (cont'd)

FAC Red Hook Homes, Inc. was formed on April 29, 2005 as a not-for-profit Corporation in New York State. It was created for the purpose of developing, constructing, and reselling affordable housing units to qualified buyers in the Red Hook Section of Brooklyn.

The following Housing Development Fund Corporations (HDFCs) meet the standards to be included in the FAC consolidated report, because FAC is the guarantor of loans for the housing development projects by these entities.

FAC Preservation Housing Development Fund Corporation was incorporated on November 19, 1993 under Section 402 as a For-Profit Corporation under Article XI of the Private Housing Finance Law of the State of New York. The Corporation was formed to acquire, develop and manage affordable housing units in Brooklyn, New York.

FAC Restore HDFC was incorporated on November 19, 1993 under Section 402 as a For-Profit Corporation under Article XI of the Private Housing Finance Law of the State of New York. The Corporation was formed to acquire, develop and manage affordable housing units in Brooklyn, New York.

588 Park Place HDFC was incorporated on January 29, 2004 under Section 402 as a Not-For-Profit Corporation and Article XI of the Private Housing Finance Law of New York State. It was created for the purpose of acquiring and rehabilitating a multiple-dwelling building in Brooklyn, New York under the New York State Homeless Housing Assistance Program.

Accounting for Variable Interest Entities and Limited Partnerships

In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46 (FIN 46) (revised December 2003 (FIN 46R)), *Consolidation of Variable Interest Entities*, which addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity.

FIN 46R applied to business enterprises only and excludes entities that meet the definition within FIN 46R of a not-for-profit corporation. As the Corporation meets this definition of a not-for-profit, FIN 46R does not apply.

**FIFTH AVENUE COMMITTEE, INC.
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Notes to Consolidated Financial Statements
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Summary of Significant Accounting Policies (cont'd)

Accounting for Variable Interest Entities and Limited Partnerships (cont'd)

However in 2005, the Emerging Issues Task Force (EITF) issued EITF 04-05, *Determining Whether a General Partners, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights*, which addresses whether a general partner controls a limited partnership and should therefore consolidate. While FIN 46R excludes entities that meet the definition of a not-for-profit corporation, EIFT 04-05 does not.

The Corporation has determined that inclusion of the related limited partnerships in the consolidated financial statements would be misleading to the readers of the financial statements and therefore management has chosen not to incorporate the limited partnerships into the consolidated financial statements. However, financial information for these partnerships is disclosed in a subsequent note, "*Related Parties – Limited Partnerships*".

Contributions

In accordance with Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made* contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence or nature of any donor restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Fixed Assets

Equipment, fixtures, and leasehold improvements are stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets.

Land and buildings are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized while expenditures for maintenance and repairs are charged to expense as incurred.

**FIFTH AVENUE COMMITTEE, INC.
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Notes to Consolidated Financial Statements
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Summary of Significant Accounting Policies (cont'd)

Fixed Assets (cont'd)

Upon disposal of depreciable property, the appropriate property accounts are reduced by related costs and accumulated depreciation. Abandoned leasehold improvements are removed from the financial records and their net book value is written off. The resulting gains and losses are reflected in the statement of activities.

The useful lives of the fixed assets are summarized as follows:

	<u>Useful Life</u>
Land	-
Building	40 years
Furniture & equipment	5-10 years
Leasehold improvements	10 years

FAC reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future undiscounted cash flow expected to be generated by the rental property. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized as of June 30, 2009 and 2008.

Allocation of Expenses

Expenses are charged directly to program or support service categories based on specific identification of expenses. Common expenses are allocated on an equitable basis to all programs and support services based on management's estimates.

Income Taxes

FAC, Leap, all HDFC's and FAC LDC are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and are not considered to be private foundations within the meaning of Section 509(a) of the Internal Revenue Code and are, therefore, exempt from Federal, State and City taxes.

**FIFTH AVENUE COMMITTEE, INC.
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Notes to Consolidated Financial Statements
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Summary of Significant Accounting Policies (cont'd)

Use of Estimates

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

Allowance for Doubtful Accounts

FAC and its consolidated subsidiaries evaluate the collectibility of its receivables based on a combination of factors. Where the Corporation is aware of a customer's inability to meet its financial obligation, the Corporation specifically reserves for the potential bad debt to reduce the net recognized receivable to the amount it reasonably believes will be collected. Past due status is based on how recently payments have been received. If circumstances change, the Corporation's estimates of the recoverability of amounts due could be revised by a material amount.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with an initial maturity of three months or less.

Programs

Housing and Community Facility Development and Management

FAC provides development and management services to Housing Development Fund Corporations, Limited Partnerships and Local Development Corporations to create and preserve housing for low- and moderate-income individuals including individuals who are formerly homeless and have special needs, as well as community facility space to meet a range of community needs. The properties that are created often are mixed-use and have ground-floor retail spaces that the organization leases primarily to locally-owned small businesses many of which are owned by women and minorities. A number of properties FAC develops and manages provide first-time homebuyers with opportunities to own their own home and FAC assists homeowners and first-time buyers through workshops and technical assistance.

**FIFTH AVENUE COMMITTEE, INC.
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Notes to Consolidated Financial Statements
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Programs (cont'd)

Housing and Community Facility Development and Management (cont'd)

FAC contracts with resident owners of multi-family affordable housing and community facilities to provide asset management to ensure long-term affordability and property management services to provide quality maintenance services. FAC endeavors to build and maintain the properties sustainably and in accordance with LEED standards.

Organizing and Advocacy

FAC creates opportunities that empower low- and moderate-income residents to be powerful agents of change by engaging tenants through counseling, rights-education and Housing Court assistance. FAC assists tenants in organizing to obtain decent housing and protect their rights as tenants, and prevent displacement of low- and moderate-income families from the community. FAC advises, assists, and advocates on behalf of low- and moderate-income individuals, and organizes workshops to provide information on the rights of tenants and immigrants. FAC assists residents of City-owned and privately-owned buildings, who are interested in purchasing their buildings, or have already purchased their buildings, as resident-controlled affordable housing. Directly and through FAC's affiliate, La Unión, hundreds of immigrants annually are engaged in advocating for economic and social justice at local, state and federal levels. FAC also actively works to ensure that public policy is accountable to community residents, especially low- and moderate-income residents, through a number of initiatives.

Community Economic Development

FAC, primarily through its controlled affiliate LEAP (dba Brooklyn Workforce Innovations), works to increase economic opportunity for low-and moderate-income people by creating jobs, training, and new community enterprises that pay a living wage and offer opportunities for career development. Training programs include "Red Hook on the Road", "Brooklyn Networks", "Made in NY Production Assistant Training Program", and "Brooklyn Woods". FAC also assists hundreds of neighborhood residents annually with job searches and interviews, computer training, training programs, job readiness and placement and develops mixed-use properties and assists businesses in order to revitalize Fifth Avenue and other mixed-use properties in South Brooklyn. Additionally, FAC primarily through its for profit, social purpose business affiliate, Community Staffing Solutions (dba First Source Staffing), provides temporary employment placement assistance to hundreds individuals annually who have barriers to employment to ensure economic stability and career advancement.

**FIFTH AVENUE COMMITTEE, INC.
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Programs (cont'd)

Developing Justice

FAC's "Developing Justice in South Brooklyn" project is a model program involving a community development corporation working to address criminal justice issues. The project combines community development with people who were formerly incarcerated to reintegrate successfully into our community (by assisting them with employment, housing, and referrals for other services) with community organizing and leadership development, in order to promote criminal justice policies that could strengthen, rather than damage, our community.

Adult Education and Family Literacy

FAC provides student-centered adult education and family literacy classes. Adult Basic Education (ABE), English for Speakers of Other Languages (ESOL) and GED (General Equivalency Diploma) courses, computer classes and college workshops are provided to hundreds of overwhelmingly immigrant students annually throughout South Brooklyn. Family literacy classes are provided in several public elementary schools in South Brooklyn to help parents improve their literacy skills, and become more active with their children's education.

Single Stop

Created in 2006, FAC's Single Stop program provides hundreds of low- and moderate-income families and individuals with access to public benefits and entitlements, legal and financial literacy and credit counseling, as well as free tax preparation services. Individuals are referred to Single Stop through FAC's existing programs or affiliates and the assistance has ensured that over a million dollars in cash or cash equivalent benefits, annually, has been returned to low- and moderate-income families. The stability provided as a result of access to much needed benefits and services through Single Stop assists individuals and families to move from poverty to self-sufficiency.

Related Parties – Limited Partnership

Pursuant to the conditions and requirements described in the limited partnership agreements, the general partners have provided various guarantees to certain limited partnerships. Those guarantees relate to operating deficits, credit adjustment advances, fee guarantee advances and the purchase of the limited partners' interests.

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Notes to Consolidated Financial Statements
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Related Parties – Limited Partnerships (cont'd)

Pursuant to the operating deficit guarantee agreement, the Corporation has guaranteed to cover the above requirements in cases where the general partners cannot meet cash requirements. The fair value of these guarantees for any future operating deficits cannot be determined and are not included in the accompanying consolidated financial statements. Management does not believe that any accrual is required as of June 30, 2009 and 2008, relating to these guarantees. A summary of each general partner and the related limited partnership follows:

South Brooklyn Mutual NRP Inc. (the “general partner”) is the general partner with a 1% interest in South Brooklyn Mutual Limited Partnership (the “Partnership”). The general partner is contingently liable for the liabilities of the partnership. As of December 30, 2008 and 2007 the partnership’s audited financials amounted to the following:

	<u>2008</u>	<u>2007</u>
Assets	\$ 3,153,781	\$ 3,263,393
Liabilities	3,555,825	3,432,062
Equity	(402,044)	(168,669)
Revenue	322,349	340,365
Expenses	532,481	507,104

Fifth Avenue Rehabilitation Corp (the “general partner”) is the general partner with a 1% interest in Fifth Avenue Corridor Limited Partnership (the “Partnership”). The general partner is contingently liable for the liabilities of the partnership. As of December 30, 2008 and 2007 the partnership’s audited financials amounted to the following:

	<u>2008</u>	<u>2007</u>
Assets	\$ 2,669,584	\$ 2,771,551
Liabilities	2,360,938	2,376,230
Equity	308,646	395,321
Revenue	369,767	400,908
Expenses	456,442	404,198

**FIFTH AVENUE COMMITTEE, INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2009 and 2008**

Related Parties – Limited Partnerships (cont'd)

551 Warren Street 1, Inc. (the “general partner”) is the general partner with a .01% interest in 551 Warren Street 1, Limited Partnership (the “Partnership”). The general partner is contingently liable for the liabilities of the partnership. As of December 30, 2008 and 2007 the partnership’s audited financials amounted to the following:

	<u>2008</u>	<u>2007</u>
Assets	\$ 8,545,937	\$ 8,663,134
Liabilities	5,744,040	5,722,747
Equity	2,801,897	2,940,387
Revenue	546,276	676,153
Expenses	571,151	623,375

FAC is the sponsor for various economic development and affordable housing projects. From time to time, monies are advanced to, and expenses are paid on behalf of these projects. Fees are also earned by FAC as a result of its sponsorship and management of these projects.

St. Augustine Senior Housing Inc. (the “General Partner”) is the General Partner with a .01% interest in 61 Park Place Senior Park Housing Limited Partnership (the “Partnership”). The General Partner is contingently liable for the liabilities of the Partnership. As of December 31, 2008 and 2007, the Partnership’s tax return amounted to the following:

	<u>2008</u>	<u>2007</u>
Assets	\$151,333	\$ 81,373
Liabilities	151,333	81,373
Equity	-	-
Revenue	-	-
Expenses	-	-

**FIFTH AVENUE COMMITTEE, INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2009 and 2008**

Related Parties – Limited Partnerships (cont'd)

575 Fifth Avenue Inc. (the “General Partner”) is the General Partner with a .01% interest in Supportive Slope Limited Partnership (the “Partnership”). The general partner is contingently liable for the liabilities of the partnership. As of December 30, 2008 and 2007 the partnership’s tax return amounted to the following:

	<u>2008</u>	<u>2007</u>
Assets	\$250,000	\$ -
Liabilities	-	-
Equity	\$250,000	-
Revenue	-	-
Expenses	-	-

Related Parties - Other

Advances to unconsolidated affiliated companies as of June 30, 2009 and 2008 were \$348,916 and \$383,672, respectively. Advances from unconsolidated affiliated companies as of June 30, 2009 and 2008 were \$95,750 and \$5,091, respectively.

Retirement Plan

FAC and LEAP have Simplified Employee Pension Plans. LEAP made contributions of \$65,161 for the period ended June 30, 2009. FAC and LEAP made contributions of \$57,019 and \$56,679 for the period ended June 30, 2008.

Leases

FAC and its consolidated subsidiaries have various non-cancelable operating leases relating to office space to operate their programs. Rent expense for the years ended June 30, 2009 and 2008 was \$239,360 and \$207,341 after the elimination of inter-company billings for rental space.

Minimum required lease payments for future years are as follows:

Years ended June 30:		
	2010	\$ 174,997
	2011	60,420
	2012	60,420
		<u>\$ 295,837</u>

**FIFTH AVENUE COMMITTEE, INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2009 and 2008**

Ground Lease – LDC - 182 4th Avenue

FAC HDFC entered into a lease with a commercial entity as lessor for the property located at 182 4th Avenue, Brooklyn, New York. This lease has been transferred to FAC LDC as of May 2006. The initial lease term is October 15, 2004 through October 31, 2014. During the initial term, the rent per annum is \$79,200 with a 4% yearly increase. Under the lease, there was a lease concession for six months totaling \$33,000 with no rental payments due FAC LDC during that period. The lease contains a 5 year renewal option extending the lease to October 31, 2019 with the same annual increase of 4%.

Rental income attributable to the lease is recognized on a straight-line basis over the terms of the lease. Deferred rent receivable on FAC LDC 's books was \$70,899 and \$70,523 as of June 30, 2009 and 2008.

Future rental receipts from the property are as follows:

Year ended June 30:		
	2010	\$ 95,124
	2011	98,928
	2012	102,886
	2013	88,936
	2014	<u>112,726</u>
		<u>\$ 498,600</u>

Operating Lease – LDC - 621 DeGraw Avenue- 3rd floor

FAC HDFC entered into a lease with a commercial entity as lessor for the space. The lease has been transferred to FAC LDC as of May 2006. The lease term is from January 1, 2006 through December 31, 2015. The lease contains two five-year options with 3.5% annual increase. During the initial term, the rent per annum is \$126,750 with a 3.5% yearly increase.

Rental income attributable to the lease is recognized on a straight-line basis over the terms of the lease. Deferred rent receivable is \$61,757 and \$60,248 as of June 30, 2009 and 2008.

**FIFTH AVENUE COMMITTEE, INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2009 and 2008**

Operating Lease – LDC – 621 DeGraw Avenue – 3rd Floor

Future rental receipts from the property are as follows:

Year ended June 30:

2010	\$ 163,231
2011	165,272
2012	169,822
2013	174,916
2014	180,164
Thereafter	279,724
	<u>\$ 1,133,129</u>

Other Assets

As of June 30, 2009 and 2008, other assets consist of:

	<u>2009</u>	<u>2008</u>
Loan fees	\$ 77,935	\$ 80,830
Due from employee	1,416	828
Deposits	47,453	44,543
Other	-	(17,323)
Deferred rent receivable	132,656	130,771
	<u>\$ 259,460</u>	<u>\$ 239,649</u>

Contingent Liabilities - HDFCs

FAC is the guarantor for certain affiliated company loans. These loans are used for the acquisition of properties and development of affordable residential properties in Brooklyn, New York. The guaranties represent the outstanding amounts of the loans and are detailed as follows:

**FIFTH AVENUE COMMITTEE, INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2009 and 2008**

Contingent Liabilities – HDFC’s (cont’d)

<u>Affiliated Company</u>	<u>Guaranteed Amounts</u>
575 Fifth Avenue HDFC	\$ 5,910,715
FAC Preservation HDFC	3,535,545
FAC Restore HDFC	5,464,400
588 Park Place HDFC	2,110,943
FAC Red Hook Homes Inc.	14,885,401
TOTAL	<u>\$ 31,907,004</u>

IDA Funds

The Corporation operates an IDA program for eligible individuals who are interested in saving money towards future educational expenses or entrepreneurial projects. The Corporation will match participants’ contributions on a 3:1 or 2:1 basis, with specific limitations, for a period of 1-3 1/2 years.

As of June 30, 2009 and 2008, the Corporation has set up a liability of \$69,796 and \$69,796, respectively, for future participant matching funds.

Accounts Receivable

Accounts Receivables are detailed as follows:

	<u>2009</u>	<u>2008</u>
Accounts receivable	\$ 277,461	\$ 314,157
Allowance for bad debts	(26,390)	(11,448)
Net, accounts receivable	<u>\$ 251,071</u>	<u>\$ 302,709</u>

**FIFTH AVENUE COMMITTEE, INC
AND CONSOLIDATED SUBSIDIARIES**
Notes to Consolidated Financial Statements
Mortgages and Loans Payable
at June 30, 2009

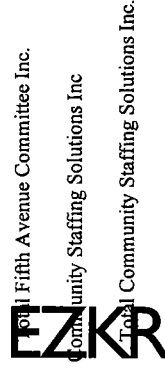
Mortgage and Notes Payable	Property	Financial Institution	Outstanding Balance	Interest Rate	Monthly Payment	Maturity
FAC Red Hook Homes Inc		Independence Community Foundation Citibank	\$ 3,000,000	None	-	7/1/2008
		Federal Home Loan Bank	9,935,401	Prime	41,731	3/19/2008
		NYS Affordable Housing Corporation	350,000	None	-	None
			1,600,000	None	Refundable subsidies to be transfer to tenants	
FAC Preservation HDFC		Washington Mutual Bank -seven loans	1,624,988	1.25% - 5%	Various	Various
		NYC Department of Housing Preservation & Development	1,910,557	1.25%	Various	Various
FAC Restore HDFC		NYC Department of Housing Preservation & Development	180,000	None	-	-
		NYC Department of Housing Preservation & Development	3,973,254	1.25%	Interest only	10/1/2037
		Low Income Investment Fund	1,311,146	7.00%	-	1/0/1900
588 Park Place HDFC		NYS Homeless Housing and Assistance Corporation	1,467,200	Deferred	-	2027
		NYC Department of Housing Preservation & Development	643,743	1%	-	2035
575 Fifth Avenue HDFC		NYC Department of Housing Preservation & Development	5,910,715	-	Building Loan	1/0/1900
			<u>31,907,004</u>			
Fifth Avenue Committee Inc		M & T Bank line of credit	455,000	5%	-	Demand
Total Fifth Avenue Committee Inc.			<u>455,000</u>			
Community Staffing Solutions Inc		National Consumer Cooperative Bank	39,604	8%	1,702	6/1/2011
		Adrian Dominican Sisters Fund	5,238	2%	876	12/13/2010
Total Community Staffing Solutions Inc.			<u>44,842</u>			
FAC Local Development Corporation		Low Income Investment Fund	803,607	8%	7,218	6/1/2026
		Low Income Investment Fund	4,000,395	6.7%	26,737	6/1/2036
Total FAC LDC			<u>4,804,002</u>			
Total Mortgages and Notes Payable			<u>\$ 37,210,848</u>			



Certified Public Accountants
& Consultants

**FIFTH AVENUE COMMITTEE, INC
AND CONSOLIDATED SUBSIDIARIES**
Notes to Consolidated Financial Statements
Combined Principal Maturities of Mortgages and Loans
at June 30, 2009

Mortgage and Notes Payable Property	Financial Institution	Outstanding Balance	Amounts Based on Future Occurrences					
			2010	2011	2012	2013	Thereafter	
FAC Red Hook Homes Inc	Independence Community Foundation Citibank Federal Home Loan Bank NYS Affordable Housing Corporation	\$ 3,000,000 9,935,401 350,000 1,600,000	3,000,000 -	-	-	-	-	9,935,401 350,000 1,600,000
FAC Preservation HDFC	Washington Mutual Bank -seven loans NYC Department of Housing Preservation & Development	1,624,988 1,910,557	1,624,988 1,910,557	-	-	-	-	-
FAC Restore HDFC	NYC Department of Housing Preservation & Development NYC Department of Housing Preservation & Development Low Income Investment Fund	180,000 3,973,254 1,311,146	-	-	-	-	-	180,000 3,973,254 1,311,146
588 Park Place HDFC	NYS Homeless Housing and Assistance Corporation NYC Department of Housing Preservation & Development	1,467,200 643,743	-	-	-	-	1,467,200 643,743	-
575 Fifth Avenue HDFC	NYC Department of Housing Preservation & Development	5,910,715	-	-	-	-	-	5,910,715
Total HDFCS and Red Hook Homes Inc		31,907,004	6,535,545	-	-	-	2,110,943	23,260,516
Fifth Avenue Committee Inc	M & T Bank line of credit	455,000 455,000	455,000 455,000	-	-	-	-	-
Fifth Avenue Committee Inc	National Consumer Cooperative Bank Adrian Dominican Sisters Fund	39,604 5,238 44,842	17,922 5,238 23,160	21,682	-	-	-	-
FAC Local Development Corporation	Low Income Investment Fund Low Income Investment Fund	803,607 4,000,395 4,804,002	-	83,867 83,867	89,745 89,745	-	803,607 3,649,374 4,452,981	-
Total Mortgages and Notes Payable		37,210,848	\$ 7,092,079	\$ 105,549	\$ 89,745	\$ 99,035	\$ 6,563,924	\$ 23,260,516



FAC Local Development Corporation
Public Accountants
Consultants

**FIFTH AVENUE COMMITTEE, INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2009 and 2008**

Fixed Assets

Fixed assets details are as follows:

	<u>2009</u>	<u>2008</u>
Land	\$ 390,000	\$ 674,243
Building	7,726,065	5,903,865
Furniture and equipment	863,256	713,955
Leasehold improvements	787,031	787,031
Less: accumulated depreciation	<u>(1,676,815)</u>	<u>(1,287,751)</u>
Fixed assets, net	<u>\$ 8,089,537</u>	<u>\$ 6,791,343</u>

Temporarily Restricted Net Assets – FAC and LEAP

Temporarily restricted net assets which are available to fulfill subsequent year activity are detailed as follows at June 30, 2009 and 2008.

	<u>2009</u>	<u>2008</u>
Scherman Foundation	\$ 25,000	\$ -
Mott Foundation	44,000	-
Oak Foundation	41,738	60,860
Catholic Campaign for Human Development	-	-
INCO Project	25,000	-
Joyce Mertz Gilmore Foundation	28,810	35,993
North Star Fund	15,000	-
New York Foundation	29,222	32,455
New York Immigration Coalition	1,200	-
Presbyterian USA	400	-
Single Stop USA	-	-
Hyde and Watson Foundation	-	15,000
Public Welfare Foundation	-	16,667
Vincent Mulford Foundation	-	5,404
Local Initiatives Support Corporation	-	15,000
IDA Program	134,111	137,177
	<u>\$ 344,481</u>	<u>\$ 318,556</u>

**FIFTH AVENUE COMMITTEE, INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2009 and 2008**

Construction in Progress

Construction in Progress consists of residential and commercial buildings in development and is detailed as follows at June 30, 2009 and 2008:

<u>Entity</u>	<u># of Buildings</u>	<u>2009</u>	<u>2008</u>
FAC Red Hook Homes Inc.	2	\$ 17,111,731	\$ 16,181,747
FAC Homeownership HDFC	7	-	1,196,810
FAC Preservation HDFC	5	3,645,425	3,443,582
FAC Restore HDFC	5	5,521,424	4,386,021
588 Park Place HDFC	1	-	2,122,639
575 Fifth Avenue HDFC	1	6,202,067	675,613
TOTAL		\$ 32,480,647	\$ 28,006,412

Stockholders' Equity

Community Staffing Solutions has four additional classes of preferred stock issued and outstanding in the years ended June 30, 2009 and 2008 with varying rights and privileges:

<u>Security</u>	<u>Stockholder</u>	<u>Shares</u>	<u>Board Members</u>	<u>Voting</u>
Junior Preferred Stock:				
Series C	Industrial Cooperative Association	55	1	Yes
Series D	Good Shepherd Services	42	1	Yes

Preference Over Junior Stock:

Series E	Local Enterprise Assistance Fund, Inc.	25	0	Yes
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An additional 3 Board Members are elected by the holders of Series B, C and D voting separately as a class or, if deadlocked for 30 days, by a majority of the outstanding shares.

**FIFTH AVENUE COMMITTEE, INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2009 and 2008**

Stockholders' Equity (cont'd)

A special resolution was passed by the Board of Directors in November 2000 to issue one share of voting Common Stock to Fifth Avenue Committee, Inc. and to rearrange the ability to elect

Board Members so that Fifth Avenue Committee, Inc. has effective control over Community Staffing Solutions, Inc.

The Series E voting preferred stock is redeemable on July 1, 2009 for \$25,000 plus accrued unpaid dividends of \$17,500. This hybrid security is currently classified as equity because of its voting rights.

Income Tax Expenses

The income tax expense of \$3,035 and \$1,514 reflected in the consolidated financial statements for the years ended June 30, 2009 and 2008, respectively, represent the minimum state and city corporate taxes of the taxable subsidiary corporations.

Effective July 1, 2008, the Organizations adopted Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*. FIN 48 requires the evaluation of tax positions taken on previously filed tax returns or expected to be taken on future tax returns. These positions taken on previously filed tax returns or expected to be taken on future tax returns. These positions must meet a "more-likely-than-not" standard that, based on the technical merits, have more than fifty percent likelihood of being sustained by the applicable tax authority.

The Organizations have concluded that the adoption of FIN 48 resulted in no effect on the Organizations' financial position or results of operations. There is no tax liability resulting from unrecognized tax benefits relating to uncertain tax positions taken or expected to be taken.

Prior Period Adjustments

Capital Campaign monies generated and used for the construction and capitalization of the FAC Center in fiscal year 2006 were incorrectly recorded as income on FAC's books and as an inter-company receivable/payable as the money was transferred from FAC to LDC. In order to correct this error, a prior period adjustment has been recorded which reduced FAC's net assets by \$1,267,513 and increased LDC's net assets by \$1,238,998 resulting in net reduction of \$28,515 on a consolidated basis.

**FIFTH AVENUE COMMITTEE, INC.
AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Years Ended June 30, 2009 and 2008**

Concentrations

Cash Credit Risk

The Corporation maintains cash balances in banks in excess of the Federal Deposit Insurance Corporation's \$250,000 limit through December 31, 2009. At June 30, 2009 and 2008, the organization's uninsured cash balances totaled \$309,811 and \$388,100, respectively.

Assigned Debt Receivable

A component of the Cooperative conversion of 545 Warren Street, entails the transfer of long-term debt from the Sponsor to the Cooperative at the Sponsor's cost. Assigned debt receivable reflects the amount of debt which was transferred to the Cooperative and remains outstanding as of June 30, 2008. As of June 30, 2009, FAC is no longer listed as a borrower on the 545 Warren Street HDFC Coop Note.

SUPPLEMENTAL INFORMATION

FIFTH AVENUE COMMITTEE, INC. AND CONSOLIDATED SUBSIDIARIES
Consolidated Schedule of Functional Expenses
For the Year Ended June 30, 2009

	Program Expenses	Management and General	Fund Raising	Total Fifth Ave Committee	Subsidiaries Expenses	2009 Total Expenses
Personnel Expenses						
Salaries	\$ 2,114,721	\$ 144,388	\$ 192,229	\$ 2,451,338	\$ 1,344,096	\$ 3,795,434
Payroll taxes and fringe benefits	502,997	30,974	29,316	563,287	416,936	980,223
Total Personnel Expenses	<u>2,617,718</u>	<u>175,362</u>	<u>221,545</u>	<u>3,014,625</u>	<u>1,761,032</u>	<u>4,775,657</u>
Other Than Personnel						
Personnel staffing expense	-	-	-	-	1,064,380	1,064,380
Wage subsidy	-	-	-	-	58,203	58,203
Consultants	161,644	16,250	37,998	215,892	76,395	292,287
Professional expense	31,239	7,016	1,904	40,159	76,845	117,004
Occupancy costs	49,639	22,918	5,289	77,846	161,514	239,360
Office supplies & printing	41,166	6,243	18,147	65,556	16,162	81,718
Telephone and postage	44,523	15,185	6,888	66,596	34,654	101,250
Maintenance & repair	8,357	4,024	929	13,310	136,439	149,749
Equipment expense	36,022	13,539	3,186	52,747	6,090	58,837
Conference travel and training	16,104	7,781	15	23,900	28,690	52,590
Liability insurance	26,542	5,848	1,350	33,740	62,315	96,055
Fundraising expense	-	-	155,630	155,630	-	155,630
Publication / books	18,063	271	-	18,334	-	18,334
Meetings and events	33,225	10,921	3,032	47,178	22,213	69,391
Advertising, memberships and contributions	26,910	6,834	940	34,684	25,277	59,961
Fees and bank charges	13,015	2,868	662	16,545	16,205	32,750
Miscellaneous expense	-	8,591	-	8,591	8,511	17,102
Direct training	-	-	-	-	872,818	872,818
Utilities	37,375	15,666	3,615	56,656	147,959	204,615
Permits & licenses	-	-	-	-	9,960	9,960
Program expenses	52,537	13,493	-	66,030	32,862	98,892
Income tax expense	-	-	-	-	3,035	3,035
Loss from limited partnerships	-	-	-	-	511	511
Interest	16,134	3,555	820	20,509	339,300	359,809
Bad debts	-	-	-	-	142,440	142,440
Depreciation & amortization	41,687	20,072	4,632	66,391	407,650	474,041
Total Other Than Personnel Expenses	<u>654,182</u>	<u>181,075</u>	<u>245,037</u>	<u>1,080,294</u>	<u>3,750,428</u>	<u>4,830,722</u>
TOTAL EXPENSES	<u>\$ 3,271,900</u>	<u>\$ 356,437</u>	<u>\$ 466,582</u>	<u>\$ 4,094,919</u>	<u>\$ 5,511,460</u>	<u>\$ 9,606,379</u>

See accompanying notes

FIFTH AVENUE COMMITTEE, INC. AND CONSOLIDATED SUBSIDIARIES
Consolidated Schedule of Functional Expenses
For the Year Ended June 30, 2008

	Program Expenses	Management and General	Fund Raising	Total Fifth Ave Committee	Subsidiaries Expenses	2008 Total Expenses
Personnel Expenses						
Salaries	\$ 1,923,219	\$ 228,484	\$ 144,228	\$ 2,295,931	\$ 1,273,873	\$ 3,569,804
Payroll taxes and fringe benefits	457,700	95,119	24,507	577,326	374,919	952,245
Total Personnel Expenses	<u>2,380,919</u>	<u>323,603</u>	<u>168,735</u>	<u>2,873,257</u>	<u>1,648,792</u>	<u>4,522,049</u>
Other Than Personnel						
Personnel staffing expense	-	-	-	-	1,412,614	1,412,614
Wage subsidy	-	-	-	-	224,877	224,877
Consultants	116,945	110,119	45,949	273,013	54,957	327,970
Administration	-	-	-	-	16,123	16,123
Professional expense	-	35,000	-	35,000	88,727	123,727
Occupancy costs	47,068	6,486	1,993	55,547	151,794	207,341
Office supplies & printing	68,727	14,098	5,286	88,111	62,860	150,971
Telephone and postage	15,769	38,253	4,795	58,817	27,244	86,061
Maintenance & repair	20,381	4,213	1,648	26,242	103,920	130,162
Equipment expense	31,257	6,462	2,528	40,247	31,227	71,474
VISTA special projects	25,898	-	-	25,898	-	25,898
Conference travel and training	15,159	13,674	460	29,293	20,284	49,577
Liability insurance	24,251	4,975	1,866	31,092	37,939	69,031
Fundraising expense	-	-	-	-	11,588	11,588
Publications/books	18,362	2,031	-	20,393	-	20,393
Meetings and events	45,242	9,353	3,659	58,254	38,980	97,234
Advertising, memberships and contributor	13,732	19,404	100	33,236	38,295	71,531
Fees and bank charges	-	20,618	-	20,618	21,372	41,990
Special projects	24,852	-	-	24,852	-	24,852
Miscellaneous expense	16,990	3,485	1,308	21,782	21,685	43,467
Direct training	-	-	-	-	504,129	504,129
Utilities	-	-	-	-	191,754	191,754
Water & sewer	-	-	-	-	2,490	2,490
Permits & licenses	-	-	-	-	5,022	5,022
Drug screening	-	-	-	-	14,902	14,902
Program expenses	-	-	-	-	90,328	90,328
Income tax expense	-	-	-	-	1,514	1,514
Loss from limited partnerships	-	-	-	-	2,024	2,024
Interest	-	21,144	-	21,144	339,843	360,987
Bad debts	-	4,962	-	4,962	38,591	43,553
Subcontract expense	40,000	-	-	40,000	39,441	79,441
Depreciation & amortization	-	45,451	-	45,451	343,053	388,504
Total Other Than Personnel Expenses	<u>524,633</u>	<u>359,727</u>	<u>69,592</u>	<u>953,952</u>	<u>3,937,577</u>	<u>4,891,529</u>
TOTAL EXPENSES	<u>\$ 2,905,552</u>	<u>\$ 683,330</u>	<u>\$ 238,327</u>	<u>\$ 3,827,209</u>	<u>\$ 5,586,369</u>	<u>\$ 9,413,578</u>

See accompanying notes

FIFTH AVENUE COMMITTEE INC. AND SUBSIDIARIES
Consolidating Statement of Financial Position
June 30, 2009

	Fifth Avenue Committee, Inc.	Leap Inc.	Other Entities	FAC LDC	Community Staffing Solutions	General Partners	Total	DR	Eliminations	CR	Consolidated
Assets											
Cash & cash equivalents	\$ 172,146	\$ 491,584	\$ 138,813	\$ 10,620	\$ 124,349	\$ -	\$ 937,512	\$ -	\$ -	\$ -	\$ 937,512
Grants receivable	905,140	819,002	-	-	-	-	1,724,142	-	-	517,795	1,206,347
Accounts receivable	-	-	72,252	21,589	148,229	9,000	251,070	-	-	-	251,070
Accounts receivable - affiliated companies	262,899	22,035	-	-	-	-	284,934	-	-	226,507	58,427
Other receivables	-	-	-	64,982	-	-	64,982	-	-	-	64,982
Prepaid expenses	44,000	-	5,840	66,367	4,014	-	120,221	-	-	-	120,221
Fixed assets, net	539,659	427,203	2,034,180	5,081,965	6,530	-	8,089,537	-	-	-	8,089,537
Construction in progress	-	-	32,480,647	-	-	-	32,480,647	-	-	-	32,480,647
Advances to affiliated companies	290,489	-	-	-	-	-	290,489	-	-	-	290,489
Investments in affiliated companies, at cost	168,600	-	-	-	-	-	168,600	-	-	168,600	-
Reserves	-	-	11,108	16,002	-	-	27,110	-	-	-	27,110
Other assets	8,676	15,500	24,693	210,591	-	-	259,460	-	-	-	259,460
TOTAL ASSETS	2,391,609	1,775,324	34,767,533	5,472,116	283,122	9,000	44,698,705	-	-	912,902	43,785,802
Liabilities											
Accounts payable	117,825	94,900	97,116	74,345	37,496	10,233	431,915	-	-	-	431,915
Accrued expenses	130,335	66,109	677,936	-	-	-	874,380	-	-	-	874,380
Notes payable - current portion	455,000	-	-	-	-	-	455,000	-	-	-	455,000
Mortgage payable - current portion	-	-	6,637,079	-	-	-	6,637,079	-	-	-	6,637,079
Loans payable - related companies	50,000	-	-	-	-	-	50,000	-	-	-	50,000
Unearned income	30,747	-	-	-	-	-	30,747	-	-	-	30,747
Grants payable - subsidiary	517,795	-	700,669	18,161	44,000	-	793,577	-	-	-	793,577
Refundable grants	97,347	-	-	-	-	-	97,347	517,795	-	-	-
Tenant escrow deposits payable	-	-	24,433	42,250	-	-	66,683	-	-	-	66,683
Other payables	23,908	-	320,056	-	-	42,663	66,571	-	-	-	66,571
Advances from affiliated companies	-	-	-	-	2,201	-	322,257	226,507	-	-	95,750
Notes payable - long term	-	-	-	4,804,001	44,842	-	4,848,843	-	-	-	4,848,843
Mortgage payable - long term	-	-	25,269,925	-	-	-	25,269,925	-	-	-	25,269,925
Accrued interest payable	-	-	672,441	-	-	-	672,441	-	-	-	672,441
IDA funds	69,796	-	-	-	-	-	69,796	-	-	-	69,796
Total Liabilities	1,492,753	161,009	34,399,655	4,938,757	128,539	52,896	41,173,609	744,302	-	-	40,429,307
Net Assets/Stockholders' Equity											
Net assets unrestricted	554,375	1,614,315	367,878	533,359	-	-	3,069,927	-	-	-	3,069,927
Net assets temporarily restricted	344,481	-	-	-	-	1,000	344,481	-	-	-	344,481
Common Stock	-	-	-	-	-	-	1,000	1,000	-	-	-
Preferred stock	-	-	-	-	2	-	2	-	1	-	1
Additional paid in capital	-	-	-	-	250,598	(44,896)	250,598	168,600	1,001	-	82,999
Accumulated deficit	-	-	-	-	(96,017)	-	(96,017)	-	-	-	(140,913)
Total Net Assets/Stockholders' Equity	898,856	1,614,315	367,878	533,359	154,583	(43,896)	3,525,095	169,601	-	1,001	3,356,495
TOTAL LIABILITIES AND NET ASSETS/ STOCKHOLDERS' EQUITY	\$ 2,391,609	\$ 1,775,324	\$ 34,767,533	\$ 5,472,116	\$ 283,122	\$ 9,000	\$ 44,698,704	\$ 913,903	\$ -	\$ 913,903	\$ 43,785,802

See accompanying notes

FIFTH AVENUE COMMITTEE INC. CONSOLIDATING SUBSIDIARIES
Consolidating Statement of Activities
For the Year Ended June 30, 2009

	Fifth Avenue Committee, Inc.	LEAP Inc.	Other Entities	FAC LDC	Community Staffing Solutions	General Partners	Eliminations		Consolidated
							Total	DR	
Revenue									
Government grants	\$ 959,891	\$ 301,490	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,291,381
Contributions - corporations	452,792	827,099	-	-	-	-	-	-	1,279,891
Contributions - foundations	731,547	1,862,500	-	-	-	-	-	-	2,594,047
Management fees	754,245	-	-	-	-	-	120,880	-	754,245
Development & marketing fees	522,286	-	-	-	-	-	-	-	522,286
Individual contributions	28,855	23,478	-	-	-	-	-	-	52,333
Personnel placement fees	-	-	-	-	1,419,513	-	-	-	1,419,513
Program services	-	237,946	-	-	-	-	-	-	237,946
Special Events	266,179	16,945	-	-	-	-	-	-	283,124
Rental Income	297,755	-	531,402	520,017	-	-	295,038	-	1,349,174
Interest income	248	141	-	-	1,051	132	-	-	1,572
Subcontract income	117,542	95,148	-	-	-	-	187,690	-	212,690
Insurance proceeds	-	-	-	64,982	-	-	-	-	64,982
Other revenues	106,882	48,374	2,037	-	-	20,394	-	-	177,687
Total Revenue	4,238,222	3,413,121	563,439	584,999	1,420,564	20,526	603,608	-	10,240,871
Expenses									
Program services	3,623,086	-	-	-	-	-	-	-	3,623,086
Management and general	356,437	-	-	-	-	-	-	-	356,437
Fundraising	466,582	-	-	-	-	-	-	-	466,582
Subsidiary expense	-	3,109,911	450,985	686,613	1,491,114	25,259	-	-	5,763,882
Total Expenses	4,446,105	3,109,911	450,985	686,613	1,491,114	25,259	-	-	10,209,987
CHANGE IN NET ASSETS/ NET INCOME/(LOSS)									
Net assets / equity beginning	(207,883)	303,210	112,454	(101,614)	(70,550)	(4,733)	603,608	603,608	30,884
Changes in net assets:									
Changes in consolidated entities	2,374,252	1,311,105	141,735	(604,025)	225,133	(27,094)	168,600	-	3,252,506
For period adjustment	(1,267,513)	-	113,689	-	-	(12,069)	-	-	101,620
NET ASSETS / EQUITY ENDING	\$ 898,856	\$ 1,614,315	\$ 367,878	\$ 533,359	\$ 154,583	\$ (43,896)	\$ -	\$ -	\$ 3,356,495

See accompanying notes

**FIFTH AVENUE COMMITTEE, INC.
AND CONSOLIDATED SUBSIDIARIES**
Consolidating Schedule of Fixed Assets
For the Year Ended June 30, 2009
With comparative totals for 2008

	Fifth Avenue Committee, Inc.	LEAP	HDFCs	Community Staffing Solutions		Total 2009	Total 2008
				FAC LDC			
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 390,000	\$ 674,243
Building	420,000	-	2,110,942	-	-	7,726,065	5,903,865
Less accumulated depreciation	(60,375)	-	(76,762)	-	-	(711,017)	(575,958)
Net Building	359,625	-	2,034,180	-	-	7,015,048	5,327,907
Fixtures & equipment	474,726	171,103	-	19,986	798,784	(533,054)	683,683
less accumulated depreciation	(376,400)	(74,842)	-	(19,565)	(265,730)	(464,328)	(464,328)
Net Fixtures & Equipment	98,326	96,261	-	421	265,730	219,355	219,355
Computer software	34,200	-	-	30,272	64,472	30,272	30,272
Less accumulated depreciation	(11,400)	-	-	(24,163)	(35,563)	(20,010)	(20,010)
Net Computer software	22,800	-	-	6,109	28,909	10,262	10,262
Leasehold improvements	98,936	688,095	-	-	787,031	787,031	787,031
Less accumulated depreciation	(40,028)	(357,153)	-	-	(397,181)	(227,455)	(227,455)
Net Leasehold Improvements	58,908	330,942	-	-	389,850	559,576	559,576
TOTAL NET FIXED ASSETS	\$ 539,659	\$ 427,203	\$ 2,034,180	\$ 6,530	\$ 8,089,537	\$ 6,791,343	\$ 6,791,343