

Consolidated Financial Statements Together with
Report of Independent Certified Public Accountants

HOUSING WORKS, INC. AND AFFILIATES

For the year ended June 30, 2016, with summarized
comparative information for the year ended June 30, 2015

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 financial statements of Housing Works, Inc. and Affiliates (collectively, the “Organization”), which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization’s preparation and fair presentation of the consolidated financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and the consolidating schedule of revenues and expenses are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on 2015 summarized comparative information

We have previously audited the Organization's 2015 consolidated financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 16, 2016. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Grant Thornton LLP

New York, New York
June 23, 2017

HOUSING WORKS, INC. AND AFFILIATES
Consolidated Statement of Financial Position
As of June 30, 2016, with summarized comparative totals as of June 30, 2015

ASSETS	2016	2015
CURRENT ASSETS		
Cash	\$ 442,404	\$ 1,521,751
Health service receivables, net	3,690,399	3,298,806
Grants and contract service receivables	2,438,299	2,024,988
Contributions receivable	202,728	228,325
Pharmacy receivable	1,913,252	550,999
Thrift shop and bookstore inventory, net	6,229,846	6,168,009
Prepaid expenses and other assets	271,801	885,129
Total current assets	<u>15,188,729</u>	<u>14,678,007</u>
LONG-TERM ASSETS		
Restricted cash - debt service and contingency reserve funds	827,916	839,986
Security deposits and other assets	2,011,358	1,941,052
Property and equipment, net	<u>23,156,742</u>	<u>25,076,391</u>
Total long-term assets	<u>25,996,016</u>	<u>27,857,429</u>
Total assets	<u>\$ 41,184,745</u>	<u>\$ 42,535,436</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 6,985,803	\$ 8,470,083
Current maturities of loans payable	<u>2,553,722</u>	<u>2,691,841</u>
Total current liabilities	<u>9,539,525</u>	<u>11,161,924</u>
LONG-TERM LIABILITIES		
Loans payable	4,230,578	5,070,808
Deferred revenue - housing	2,895,472	3,141,731
Deferred revenue	129,304	20,197
Deferred rent payable	1,550,734	1,408,885
Other liabilities	<u>281,568</u>	<u>587,488</u>
Total long-term liabilities	<u>9,087,656</u>	<u>10,229,109</u>
Total liabilities	<u>18,627,181</u>	<u>21,391,033</u>
Noncontrolling interest in Fitzpatrick Associates Limited Partnership	<u>455,622</u>	<u>480,197</u>
Commitments and contingencies		
NET ASSETS		
Unrestricted	20,749,207	19,645,610
Temporarily restricted	695,220	361,081
Permanently restricted	<u>657,515</u>	<u>657,515</u>
Total net assets	<u>22,101,942</u>	<u>20,664,206</u>
Total liabilities and net assets	<u>\$ 41,184,745</u>	<u>\$ 42,535,436</u>

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

HOUSING WORKS, INC. AND AFFILIATES

Consolidated Statement of Activities

For the year ended June 30, 2016, with summarized comparative totals for the year ended June 30, 2015

	2016			Total	2015 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
OPERATING REVENUES AND OTHER SUPPORT					
Grants and contract services	\$ 10,922,030	\$ -	\$ -	\$ 10,922,030	\$ 10,729,347
Bookstore sales	2,179,525	-	-	2,179,525	2,500,253
Thrift shops sales	16,699,067	-	-	16,699,067	16,777,874
Health service revenue	23,701,500	-	-	23,701,500	21,434,617
Pharmacy revenue	12,935,674	-	-	12,935,674	1,329,466
In-kind contributions	19,145,972	-	-	19,145,972	18,470,169
Contributions	3,554,758	914,012	-	4,468,770	4,012,664
Rental income on apartments	1,349,360	-	-	1,349,360	1,490,620
Food services	1,651,127	-	-	1,651,127	1,693,418
Other revenue	1,963,347	-	-	1,963,347	599,146
Net assets released from restrictions	579,873	(579,873)	-	-	-
Total operating revenues and other support	<u>94,682,233</u>	<u>334,139</u>	<u>-</u>	<u>95,016,372</u>	<u>79,037,574</u>
EXPENSES					
Program services:					
Housing programs	8,412,124	-	-	8,412,124	8,830,351
Bookstore	4,850,891	-	-	4,850,891	5,061,092
Thrift shops	32,116,657	-	-	32,116,657	31,947,103
Health and service programs	27,238,304	-	-	27,238,304	21,553,199
Food services	2,853,649	-	-	2,853,649	2,745,451
Advocacy, legal and advisory services	6,836,153	-	-	6,836,153	2,983,804
Research	-	-	-	-	58,978
Property and facility management	976,349	-	-	976,349	209,144
Total program expenses	<u>83,284,127</u>	<u>-</u>	<u>-</u>	<u>83,284,127</u>	<u>73,389,122</u>
Management and general	8,990,095	-	-	8,990,095	5,654,666
Fundraising	1,328,989	-	-	1,328,989	1,033,895
Total expenses	<u>93,603,211</u>	<u>-</u>	<u>-</u>	<u>93,603,211</u>	<u>80,077,683</u>
NON-OPERATING REVENUES AND OTHER SUPPORT					
Limited partnership interest share of loss on Fitzpatrick Associates Limited Partnership					
	24,575	-	-	24,575	67,240
Total non-operating revenues and other support	<u>24,575</u>	<u>-</u>	<u>-</u>	<u>24,575</u>	<u>67,240</u>
Change in net assets	1,103,597	334,139	-	1,437,736	(972,869)
Net assets, beginning of year	<u>19,645,610</u>	<u>361,081</u>	<u>657,515</u>	<u>20,664,206</u>	<u>21,637,075</u>
Net assets, end of year	<u>\$ 20,749,207</u>	<u>\$ 695,220</u>	<u>\$ 657,515</u>	<u>\$ 22,101,942</u>	<u>\$ 20,664,206</u>

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

HOUSING WORKS, INC. AND AFFILIATES

Consolidated Statement of Functional Expenses

For the year ended June 30, 2016, with summarized comparative totals for the year ended June 30, 2015

	Housing Programs	Bookstore	Thrift Shops	Health and Service Programs	Food Services	Advocacy, Legal and Advisory Services	Property and Facility Management	Total Program Expenses	Management and General	Fundraising	2016 Total Expense	2015 Total Expense
EXPENSES												
Salaries and wages	\$ 3,150,045	\$ 780,172	\$ 4,984,086	\$ 11,135,441	\$ 1,154,583	\$ 3,301,824	\$ 691,230	\$ 25,197,381	\$ 3,656,598	\$ 456,555	\$ 29,310,534	\$ 27,072,883
Fringe benefits	614,580	147,980	1,024,085	2,065,914	213,513	658,869	127,928	4,852,869	574,154	80,493	5,507,516	5,617,400
Professional service fees	48,181	34,621	45,785	365,854	8,119	339,075	2,377	844,012	1,325,226	30,214	2,199,452	1,469,614
Contracted services	211,581	148,920	1,218,244	2,600,068	78,909	162,132	26,406	4,446,260	625,823	14,791	5,086,874	3,253,686
Client stipends and reimbursements	101,200	-	-	69,727	19,778	270,765	-	461,470	24,669	-	486,139	371,686
Supplies	107,055	121,889	276,284	359,628	44,357	114,162	17,061	1,040,436	340,496	20,776	1,401,708	1,480,165
Occupancy												
Office/retail	125,394	350,904	4,512,033	667,476	111,969	927,806	36,227	6,731,809	290,141	65,231	7,087,181	6,731,651
Client	662,738	-	-	-	-	-	-	662,738	-	-	662,738	514,323
Utilities												
Office	505,625	56,280	572,668	516,316	52,324	228,822	11,384	1,943,419	168,288	30,323	2,142,030	1,992,685
Client	101,053	-	-	-	-	961	-	102,014	-	-	102,014	107,719
Transportation	382,276	10,000	388,207	498,019	43,061	320,122	3,467	1,645,152	148,926	664	1,794,742	1,478,305
Equipment rental, repairs and maintenance	67,518	9,920	307,174	133,371	184,597	(44,722)	6,119	663,977	227,268	1,860	893,105	659,397
Facility repairs and maintenance	560,112	5,730	142,777	38,755	1,144	5,899	26,225	780,642	22,486	1,095	804,223	543,539
Client participation expenses	110,160	150	2,700	549,299	1,584	76,905	237	741,035	5,753	-	746,788	1,543,485
Staff expense	23,280	4,747	23,991	138,532	2,112	88,876	1,056	282,594	186,528	380	469,502	272,417
Insurance expense	130,655	40,851	275,241	317,921	31,108	133,260	21,154	950,190	102,548	13,963	1,066,701	798,011
Depreciation and amortization	1,168,938	2,400	304,344	674,666	5,922	27,653	341	2,184,264	594,939	-	2,779,203	3,099,771
Gift-in-kind expense	-	2,428,432	16,655,703	-	-	-	-	19,084,135	-	-	19,084,135	19,278,127
Event expense	127	3,647	412,883	4,527	58,807	38,327	-	518,318	45,691	484,918	1,048,927	672,798
Interest and finance fees	81,450	155,574	520,436	300,314	40,273	36,658	-	1,134,705	361,569	8,474	1,504,748	1,041,915
Cost of goods sold	275	82,993	126,117	6,733,721	787,880	-	-	7,730,986	-	-	7,730,986	777,655
Other expenses	259,881	465,681	323,899	68,755	13,609	148,759	5,137	1,285,721	288,992	119,252	1,693,965	1,300,451
Total expenses	\$ 8,412,124	\$ 4,850,891	\$ 32,116,657	\$ 27,238,304	\$ 2,853,649	\$ 6,836,153	\$ 976,349	\$ 83,284,127	\$ 8,990,095	\$ 1,328,989	\$ 93,603,211	\$ 80,077,683

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

HOUSING WORKS, INC. AND AFFILIATES

Consolidated Statement of Cash Flows

For the year ended June 30, 2016, with summarized comparative totals for year ended June 30, 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,437,736	\$ (972,869)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,779,203	3,099,771
Changes in operating assets and liabilities:		
Increase in health service receivables, net	(391,593)	(260,184)
Increase in grants and contract service receivables	(413,311)	(121,568)
Decrease in contributions receivable	25,597	111,523
Increase in pharmacy receivable	(1,362,253)	(550,999)
(Increase) decrease in thrift shop and bookstore inventory	(61,837)	811,586
Decrease (increase) in prepaid expenses and other assets	613,328	(327,123)
Increase in security deposits and other assets	(70,306)	(126,243)
(Decrease) increase in accounts payable and accrued expenses	(1,484,280)	1,448,888
Decrease in deferred revenue - housing	(137,152)	(226,331)
Increase in deferred rent payable	141,849	107,520
Decrease in other liabilities	(305,920)	(196,322)
Net cash provided by operating activities	<u>771,061</u>	<u>2,797,649</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(859,554)	(1,264,471)
Net cash used in investing activities	<u>(859,554)</u>	<u>(1,264,471)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in restricted cash - debt service and contingency reserve funds	12,070	36
Proceeds from loans	3,000,000	1,070,225
Repayments of loans payable	(3,978,349)	(1,776,570)
Decrease in noncontrolling interest	(24,575)	(67,240)
Net cash used in financing activities	<u>(990,854)</u>	<u>(773,549)</u>
Net (decrease) increase in cash	(1,079,347)	759,629
Cash, beginning of year	<u>1,521,751</u>	<u>762,122</u>
Cash, end of year	<u>\$ 442,404</u>	<u>\$ 1,521,751</u>
Supplemental cash flow information:		
Cash paid for interest	<u>\$ 319,362</u>	<u>\$ 329,635</u>

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

HOUSING WORKS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

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 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 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 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. All the services from the 13th street were moved to 57 Willoughby Street in August of 2015. In addition, HWS2 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 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

HOUSING WORKS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

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.

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 Gotham has since been selected for audit by the Internal Revenue Service (“IRS”) to clarify the taxpayer’s tax status. Gotham has not received its tax exemption status as of year-end. In the opinion of management, this audit is not expected to have a material adverse effect on the Organization’s consolidated financial statements.

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.

Bronx Claremont Parkway G. P., Inc. (“BCP”), an entity controlled by HWI was established and 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. As of year-end, Fitzpatrick operates a housing facility consisting of sixteen apartment units, and BCP retains its ownership interest to Fitzpatrick.

AIDS Treatment Data Network, Inc. (“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.

Life Force: Women Fighting AIDS, Inc. (“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

HOUSING WORKS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

for HIV education through peer-led education initiatives, and, in this effort, works to identify and mobilize the resources of the community it serves.

Housing Works 220 Hull Housing Development Fund Corporation (“Hull”), located at 220 Hull Street, Brooklyn, New York, was organized to develop vacant land, located at its address, into a supportive housing residence. Capital funding for the construction of the new housing facility is pending.

Positive Health Project, Inc. (“PHP”) is a not-for profit, culturally diverse, community-based organization whose mission is to improve the health and quality of life of drug users, sex workers, and others who engage in behavior that puts them and the community at risk for HIV/AIDS, hepatitis and other sexually transmitted diseases. PHP accomplishes this by providing disease prevention, social and clinical health services, and education based in the harm reduction philosophy. Positive Health Project, Inc. is funded primarily from government agencies.

HIV Law Project, Inc. (“HLP”) is a not-for profit, community-based organization which believes that all people deserve the same rights, including the right to live with dignity and respect, the right to be treated as equal members of society, and the right to fulfill basic human needs. Yet, these fundamental rights are elusive for many people living with HIV/AIDS (“PLWHAs”). Through innovative legal services and advocacy programs, HLP fights for the rights of the most underserved PLWHAs.

Housing Works Lyman Prospect Housing Development Fund Corporation (“LPHDFC”), located at 57 Willoughby Street, Brooklyn, New York, was organized to provide supportive housing residence for homeless or formerly homeless persons of low income with AIDS or HIV-related illnesses at two buildings located at 1344 Lyman Place, Bronx, New York and 1412 Prospect Avenue, Bronx, New York.

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 they have not yet received exemption at year-end. In anticipation of receiving such exemption, no provision for income taxes has been made in the accompanying consolidated financial statements for the Organization. Fitzpatrick is treated as a partnership for tax purposes; and therefore, BCP reports its share of taxable income and loss.

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 (“US GAAP”) 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.

HOUSING WORKS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

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, 2016 and 2015, temporarily restricted net assets were both time restricted and restricted for use in the Organization's health and housing 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 9). For the years ended June 30, 2016 and 2015, the Organization received no permanently restricted contributions.

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. The Organization receives donated goods via store drop-offs and residential pick-ups. In fiscal 2016 and 2015, through an agreement with the NYC Department of Sanitations, the Organization also received donated items via collection bins in buildings located throughout NYC.

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 capitalized when the acquisition cost equals or exceeds the capitalization threshold of \$1,000. 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	4 - 13 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.

HOUSING WORKS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

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. Temporarily restricted contributions are recorded as unrestricted contributions if the restriction is met in the same reporting period. 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, contracts, Pharmacy 340B Program, Medicaid, Medicare and other third-party health insurance payors are recognized in the period when expenditures have been incurred or services have been performed in compliance with the respective contracts. Amounts received in advance are reported as deferred revenues. Contracts awarded for the acquisition of long-lived assets are reported as deferred revenue until the assets are acquired, at which time the award is recorded as unrestricted revenue. Revenues from the thrift shop and bookstore are recognized at the point of sale. Food services, which are generally driven by catering events, are recognized as earned. 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 and Medicare revenue is reimbursed to the Organization at the rate determined by state and federal regulations. Medicaid revenue, third-party insurance payors 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 a receivable. It is management's opinion that any potential disallowances will not have a material effect on the accompanying consolidated financial statements.

Allowance for Uncollectible Accounts

The carrying value of grants and contract services receivable, contributions receivable, pharmacy receivable, and health services 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.

HOUSING WORKS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

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, 2016 and 2015, 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 their 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 US GAAP 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.

Taxes

The Organization recognizes the tax effects from an uncertain tax position 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. As of June 30, 2016 and 2015, management determined that there are no material uncertain tax positions that require recognition or disclosure within its consolidated financial statements.

The Organization, except Gotham and BCP, 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 2012, 2013, 2014, 2015, and 2016 are still open to audit for both federal and state purposes.

Presentation of Certain Prior Year Summarized Information

The accompanying consolidated financial statements include prior year summarized comparative information in total but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements as of and for the year ended June 30, 2015, from which the summarized comparative information was derived.

Reclassifications

Certain reclassifications have been made to the 2015 consolidated financial statements to conform to the current year's presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the 2016 consolidated financial statements.

HOUSING WORKS, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

3. PROPERTY AND EQUIPMENT, NET

At June 30, 2016 and 2015, property and equipment, net, consisted of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 1,609,069	\$ 1,609,069
Buildings and building improvements	21,903,212	21,668,424
Equipment, furniture and fixtures	9,668,446	9,537,999
Vehicles	425,739	425,739
Leasehold improvements	18,974,747	18,765,301
Capital leases	<u>2,578,209</u>	<u>2,578,209</u>
	55,159,422	54,584,741
Less: Accumulated depreciation and amortization	32,681,598	29,902,395
Construction in progress	<u>678,918</u>	<u>394,045</u>
	<u>\$ 23,156,742</u>	<u>\$ 25,076,391</u>

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, which in management's opinion is unlikely, the related property and equipment could revert to the funding source.

Depreciation and amortization expense for the years ended June 30, 2016 and 2015 totaled approximately \$2,779,000 and \$3,100,000, respectively.

Capital Leases

The Organization leases various office equipment under non-cancelable 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, 2016 and 2015, were as follows:

	<u>2016</u>	<u>2015</u>
Equipment	\$ 2,551,824	\$ 2,551,824
Vehicles	<u>26,385</u>	<u>26,385</u>
	2,578,209	2,578,209
Less: Accumulated depreciation	<u>1,915,007</u>	<u>1,612,734</u>
	<u>\$ 663,202</u>	<u>\$ 965,475</u>

HOUSING WORKS, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

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, 2016, were as follows:

Year ending June 30,	
2017	\$ 340,656
2018	192,765
2019	<u>51,515</u>
	<u>584,936</u>
Less: Amount representing interest	<u>(11,189)</u>
	<u>\$ 573,747</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 was accounted for under the equity method, and in July of 2015 Housing Works liquidated this interest for \$87,500, which was recorded as a gain for the year ended June 30, 2016 as 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 2016 and 2015, for which the Organization paid approximately \$970,000 and \$1,397,000, respectively. On April 1, 2016, Housing Works transitioned the financial management services from the MSO.

During fiscal 2003, the Organization acquired an 18% ownership interest in Amida Care, Inc. for \$300,000, which was accounted for at cost. A \$300,000 impairment of this investment was recorded during fiscal 2005. During the years ended June 30, 2016 and 2015, the Organization contributed no additional capital but the ownership interest in Amida Care, Inc. was reduced to 14%. At June 30, 2016 and 2015, 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).

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 eighteen (18) apartment units available for rental to homeless and low-income individuals. The facility was financed through a note from the Homeless Housing Assistance Corporation ("HHAC") 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 HHAC 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. BCP's percentage of interest to Fitzpatrick remained the same as of June 30, 2016 and 2015.

HOUSING WORKS, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

5. LOANS PAYABLE

At June 30, 2016 and 2015, loans payable consisted of the following:

	<u>2016</u>	<u>2015</u>
Mortgage payable - \$4,285,000 face amount, due July 2022, payable in monthly installments with interest at 3.25% at June 30, 2016 and 2015. 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.	\$ 2,145,000	\$ 2,450,000
Mortgage payable - \$3,925,000 face amount, due July 2022, payable in monthly installments with interest at 3.25% at June 30, 2016 and 2015. The mortgage is with DASNY and is secured by the related property at 743-749 East 9th Street, New York City.	1,990,000	2,265,000
Mortgage payable - \$249,000 face amount, the loan bears an interest rate of 7.75% per annum, payable in monthly installments, and is scheduled to mature on 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.	125,542	146,843
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.	54,392	65,854
Loan payable - \$500,000 face amount payable in monthly installments 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, 2021.	198,771	233,806
Loan payable - \$580,000 Housing Works 220 Hull Housing Development Fund Corporation, bears an interest of 7% per annum. The loan is through the Corporation of Supportive Housing and shall be due the earlier of April 1, 2015 or construction closing. As of year-end construction is still on-going.	580,000	580,000
Housing Works, Inc. opened a Line of Credit account with Bank of America in fiscal 2015 for \$ 250,000 to fund its working capital operations. The Line of Credit agreement required monthly payment of interest only of 4.25% and matured on January 10, 2016.	-	250,000
Loan payable - \$1,000,000 secured in individual borrowings through the Foundation for Philanthropic Funds ("FJC"). Interest at prime plus 3% paid monthly. Principal must be paid within 18 months. Current maturity is March 31, 2016.	-	770,000
Loan payable - \$2,200,00 face amount due in one year, with an option to extend for one additional year. This loan was obtained through the Non-profit Finance Fund and is payable monthly at an interest rate of 6.25% per annum. This loan matured on December	560,954	-
Loan payable - \$800,000 secured through Non-Profit Finance Fund bearing interest rate of 6.25%. Principal must be repaid on or before the loan maturity date December 1, 2017.	555,894	-
Liabilities under capital leases (Note 3)	573,747	1,001,146
Total loans payable	6,784,300	7,762,649
Less: Current maturities	(2,553,722)	(2,691,841)
Long-term portion	<u>\$ 4,230,578</u>	<u>\$ 5,070,808</u>

HOUSING WORKS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

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

Future principal payments on loans payable are as follows at June 30, 2016:

Year ending June 30,	
2017	2,553,722
2018	1,054,418
2019	779,725
2020	766,890
2021	769,545
Thereafter	<u>860,000</u>
	<u>\$ 6,784,300</u>

For the years ended June 30, 2016 and 2015, interest expense totaled approximately \$319,000 and \$330,000, respectively.

At June 30, 2016 and 2015, debt service and contingency reserve funds totaled approximately \$828,000 and \$840,000, respectively, and consisted of cash on deposit (Level 1). These assets are maintained 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. MEDICAID

During the year ended June 30, 2016 and 2015, the State of New York did not make retroactive rate adjustments in primary care and dental reimbursement rates.

7. PHARMACY 340B PROGRAM

In April 2015, Housing Works Health Services (“HWHS”) began participation in the United States Federal program requiring drug manufactures to provide outpatient drugs to eligible health care organizations at significantly reduced prices. The intent of the program is to allow entities to stretch federal resources, reaching more eligible patients and providing more comprehensive services to them. HWHS has contracted with community pharmacies to administer these services to their patients for a fee. These contracts authorize the pharmacy to bill Medicaid, Medicare and third-party insurance remitting the collected funds less their fees to HWHS. The pharmacy fees cover the cost of drugs and administrative fees, and allow the pharmacy to purchase directly from the Drug Wholesalers the drugs which replenish their stock. At June 30, 2016 and 2015, HWHS recognized revenue of approximately \$12,936,000 and \$1,329,000, respectively, and expenses of approximately \$7,731,000 and \$778,000, respectively, for the cost of drugs and administrative fees.

HOUSING WORKS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

8. DEFERRED REVENUE

The Bronx-Clairemont homeless housing facility associated with Fitzpatrick was financed through two notes. The first note is from the New York State Homeless Housing Assistance Corporation, and closed on July 30, 1997 in the amount of \$2,113,216 with 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 to be recognized as deferred revenue that is amortized into service revenue over the thirty-year life of the agreement. At June 30, 2016 and 2015, the unamortized balances of approximately \$781,000 and \$852,000, respectively, were reflected in the consolidated statement of financial position as "Deferred revenue - housing." The second note is from the NYC Department of Housing and Urban Development, and closed on November, 1995 in the amount of \$150,000 under a similar arrangement also covering a thirty year term. As such, the Organization believes that the appropriate treatment of the advance is to be recognized as deferred revenue that is amortized into service revenue over the thirty-year life of the agreement. At June 30, 2016 and 2015, the unamortized balances of approximately \$46,000 and \$51,000, respectively, were reflected in the consolidated statement of financial position as "Deferred revenue - housing."

During the fiscal year 2012, the Organization's 874 Jefferson Housing Development Fund Corporation received funds of \$252,608 from The New York City Department of Housing Preservation and Development under a similar arrangement which covers a twenty five-year term. The Organization is amortizing this amount into service revenue over that term. At June 30, 2016 and 2015, the unamortized balances of approximately \$207,000 and \$217,000, respectively, were reflected in the consolidated statement of financial position as part of "Deferred revenue - housing."

During the fiscal year 2014, the Organization acquired two additional properties with a fair value of approximately \$2,250,000 as part of a contract with the New York State Homeless Housing Assistance Corporation. The contract has a remaining term of fourteen years and requires the Organization to provide housing for persons that would otherwise be homeless. Performance under the terms of the contract is secured by mortgage notes on the properties that are only payable in the event the Organization defaults under the terms of the contract. The Organization believes that the possibility of the facility not maintaining its status as a homeless housing facility throughout the term of the contract to be remote, and therefore, repayment would not be required. As such, the properties received have been recorded at their fair value with the corresponding mortgage note recorded as a credit to deferred revenue to be recognized as the Organization performs over the remaining year terms of the contract. At June 30, 2016 and 2015, the unamortized balance of approximately \$1,862,000 and \$2,022,000, respectively, was reflected in the consolidated statement of financial position as "Deferred revenue - housing."

9. ENDOWMENTS

During fiscal 2006, the Organization received two donor restricted endowments. One was established in the name of Keith Cylar and the other as a general endowment. During the year ended June 30, 2012, the Organization received permission from the two largest contributors to the endowment stating that the funds they contributed could be borrowed to cover operating costs and as such liquidated these assets during the year. Management plans to replenish the borrowed endowment funds.

HOUSING WORKS, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2016 and 2015

On September 17, 2010, New York State passed the New York State Prudent Management of Institutional Funds Act (“NYPMIFA”), its version of the UPMIFA. All not-for-profit organizations formed in New York must apply this law. The College classifies donor-restricted endowment funds as permanently restricted net assets, unless otherwise stipulated by the donor: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the funds.

The remaining portion of the donor-restricted endowment fund not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the uses, benefits, purposes and duration for which the endowment is established and the standard of prudence prescribed by NYPMIFA.

In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the purpose, duration, and preservation of the endowment fund; expected total return of investments; general economic conditions; the possible effects of inflation and deflation; other resources of the Organization; and the investment policy of the Organization.

The following table illustrates the changes in the Organization’s endowment net assets as of June 30, 2016 and 2015:

	2016		
	Unrestricted	Permanently Restricted	Total
Donor-restricted (endowment)	<u>\$ (657,515)</u>	<u>\$ 657,515</u>	<u>\$ -</u>
	2015		
	Unrestricted	Permanently Restricted	Total
Donor-restricted (endowment)	<u>\$ (657,515)</u>	<u>\$ 657,515</u>	<u>\$ -</u>

There were no endowment related activities for the years ended June 30, 2016 and 2015.

At June 30, 2016 and 2015, the Organization did not maintain any board designated (quasi) endowment funds.

10. 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, 2016 and 2015 totaled approximately \$85,000 and \$95,000, respectively.

HOUSING WORKS, INC. AND AFFILIATES
Notes to Consolidated Financial Statements
June 30, 2016 and 2015

11. COMMITMENTS AND CONTINGENCIES

The Organization is a party to various non-cancelable 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 non-cancelable operating leases are as follow at June 30, 2016:

Year ending June 30,	
2017	\$ 5,862,541
2018	5,666,131
2019	5,292,429
2020	5,160,083
2021	5,121,381
Thereafter	<u>13,898,830</u>
	<u>\$ 41,001,395</u>

For the years ended June 30, 2016 and 2015, rent expense totaled approximately \$7,750,000 and \$7,246,000, 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.

12. SUBSEQUENT EVENTS

The Organization evaluated its June 30, 2016 consolidated financial statements for subsequent events through June 23, 2017, the date the consolidated financial statements were available to be issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTARY INFORMATION

HOUSING WORKS, INC. AND AFFILIATES
Consolidating Schedule of Financial Position
As of June 30, 2016

	HWI	Thrift	Bookstore	HWFSC	HWDC1	HWDC2	HWDC3	PitkinHDFC	LEX	JEFF	BCP	Hull	LPHDFC	PHP	HLP	Gotham	ATDN	Life Force	HWS1	HWS2	HWS3	Total
ASSETS																						
CURRENT ASSETS																						
Cash	\$ 26,401	\$ 101,394	\$ 7,072	\$ 9,500	\$ 14,612	\$ 10,010	\$ 5,000	\$ -	\$ 1,000	\$ 1,000	\$ (11,964)	\$ -	\$ 174	\$ 500	\$ 130,237	\$ 31,574	\$ -	\$ -	\$ 7,401	\$ 6,000	\$ 102,493	\$ 442,404
Health service receivables, net	283,233	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	978,497	1,234,313	1,194,356	3,690,399
Grant and contract service receivables	1,797,153	-	-	-	-	-	-	-	-	-	-	-	-	133,861	93,731	-	-	-	57,676	47,293	308,585	2,438,299
Contributions receivable	202,728	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	202,728
Pharmacy receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,913,252	1,913,252
Thrift shop and bookstore inventory, net	-	5,126,171	1,022,346	81,329	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,229,846
Intercompany receivable/payable	21,042,453	3,521,058	(1,544,379)	(2,169,964)	(108,985)	(361,885)	(3,308,584)	(1,147,730)	(508,223)	(1,372,841)	(319,526)	109,691	(114,025)	(296,632)	(185,660)	429,330	(269,609)	(74,829)	(4,215,940)	(10,175,113)	1,071,393	-
Prepaid expenses and other assets	(17,425)	163,254	(2,127)	30,294	-	-	-	-	-	-	38,659	-	-	-	-	-	-	-	26,816	-	32,330	271,801
Total current assets	<u>23,334,543</u>	<u>8,911,877</u>	<u>(517,088)</u>	<u>(2,048,841)</u>	<u>(94,373)</u>	<u>(351,875)</u>	<u>(3,303,584)</u>	<u>(1,147,730)</u>	<u>(507,223)</u>	<u>(1,371,841)</u>	<u>(292,831)</u>	<u>109,691</u>	<u>(113,851)</u>	<u>(162,271)</u>	<u>38,308</u>	<u>460,904</u>	<u>(269,609)</u>	<u>(74,829)</u>	<u>(3,145,550)</u>	<u>(8,887,507)</u>	<u>4,622,409</u>	<u>15,188,729</u>
LONG-TERM ASSETS																						
Restricted cash - debt service and contingency reserve funds	2,044	-	-	-	-	-	-	-	-	-	401,889	-	-	-	-	-	-	-	177,907	52,957	193,119	827,916
Security deposits and other assets	315,481	980,163	-	-	-	-	5,545	72,350	3,210	-	3,725	-	-	24,665	57,800	6,160	9,435	-	228,611	82,500	221,713	2,011,358
Property and equipment, net	3,781,241	720,023	271,375	17,383	1,729,258	1,861,092	2,712,163	875,099	10,084	2,834,452	1,065,539	801,676	1,910,702	2,187	1,692	15,074	1,228	-	2,272,486	1,024,646	1,249,342	23,156,742
Total long-term assets	<u>4,098,766</u>	<u>1,700,186</u>	<u>271,375</u>	<u>17,383</u>	<u>1,729,258</u>	<u>1,861,092</u>	<u>2,717,708</u>	<u>947,449</u>	<u>13,294</u>	<u>2,834,452</u>	<u>1,471,153</u>	<u>801,676</u>	<u>1,910,702</u>	<u>26,852</u>	<u>59,492</u>	<u>21,234</u>	<u>10,663</u>	<u>0</u>	<u>2,679,004</u>	<u>1,160,103</u>	<u>1,664,174</u>	<u>25,996,016</u>
Total assets	<u>\$ 27,433,309</u>	<u>\$ 10,612,063</u>	<u>\$ (245,713)</u>	<u>\$ (2,031,458)</u>	<u>\$ 1,634,885</u>	<u>\$ 1,509,217</u>	<u>\$ (585,876)</u>	<u>\$ (200,281)</u>	<u>\$ (493,929)</u>	<u>\$ 1,462,611</u>	<u>\$ 1,178,322</u>	<u>\$ 911,367</u>	<u>\$ 1,796,851</u>	<u>\$ (135,419)</u>	<u>\$ 97,800</u>	<u>\$ 482,138</u>	<u>\$ (258,946)</u>	<u>\$ (74,829)</u>	<u>\$ (466,546)</u>	<u>\$ (7,727,404)</u>	<u>\$ 6,286,583</u>	<u>\$ 41,184,745</u>
LIABILITIES AND NET ASSETS																						
CURRENT LIABILITIES																						
Accounts payable and accrued expenses	\$ 5,146,824	\$ 203,667	\$ 22,421	\$ 185,945	\$ 7,577	\$ 43,323	\$ 4,303	\$ (11,298)	\$ (21,153)	\$ 882	\$ 2,970	\$ (8,049)	\$ (875)	\$ (392)	\$ 60,242	\$ -	\$ -	\$ -	\$ 228,444	\$ 142,795	\$ 978,177	\$ 6,985,803
Current maturities of loans payable	1,325,181	20,529	-	-	-	-	-	23,012	-	-	-	580,000	-	-	-	-	-	-	290,000	-	315,000	2,553,722
Total current liabilities	<u>6,472,005</u>	<u>224,196</u>	<u>22,421</u>	<u>185,945</u>	<u>7,577</u>	<u>43,323</u>	<u>4,303</u>	<u>11,714</u>	<u>(21,153)</u>	<u>882</u>	<u>2,970</u>	<u>571,951</u>	<u>(875)</u>	<u>(392)</u>	<u>60,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>518,444</u>	<u>142,795</u>	<u>1,293,177</u>	<u>9,539,525</u>
LONG-TERM LIABILITIES																						
Loans payable	598,049	-	-	-	-	-	-	102,529	-	-	-	-	-	-	-	-	-	-	1,700,000	-	1,830,000	4,230,578
Deferred revenue - housing	-	-	-	-	-	-	-	-	-	207,139	826,726	-	1,861,607	-	-	-	-	-	-	-	-	2,895,472
Deferred revenue	92,601	-	-	-	-	-	-	-	-	-	-	-	-	-	36,703	-	-	-	-	-	-	129,304
Deferred rent payable	421,406	1,013,458	-	-	-	-	-	-	-	-	-	-	-	20,761	-	-	-	-	-	95,109	-	1,550,734
Other liabilities	-	84,879	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	196,689	281,568
Total long-term liabilities	<u>1,112,056</u>	<u>1,098,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,529</u>	<u>-</u>	<u>207,139</u>	<u>826,726</u>	<u>-</u>	<u>1,861,607</u>	<u>20,761</u>	<u>36,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,700,000</u>	<u>95,109</u>	<u>2,026,689</u>	<u>9,087,656</u>
Total liabilities	<u>7,584,061</u>	<u>1,322,533</u>	<u>22,421</u>	<u>185,945</u>	<u>7,577</u>	<u>43,323</u>	<u>4,303</u>	<u>114,243</u>	<u>(21,153)</u>	<u>208,021</u>	<u>829,696</u>	<u>571,951</u>	<u>1,860,732</u>	<u>20,369</u>	<u>96,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,218,444</u>	<u>237,904</u>	<u>3,319,866</u>	<u>18,627,181</u>
Non-controlling interest in Fitzpatrick Associates Limited partnership	-	-	-	-	-	-	-	-	-	-	455,622	-	-	-	-	-	-	-	-	-	-	455,622
NET ASSETS (DEFICIT)																						
Unrestricted	18,496,513	9,289,530	(268,134)	(2,217,403)	1,627,308	1,465,894	(590,179)	(314,524)	(472,776)	1,254,590	(106,996)	339,416	(63,881)	(155,788)	855	482,138	(258,946)	(74,829)	(2,684,990)	(7,965,308)	2,966,717	20,749,207
Temporarily restricted	695,220	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	695,220
Permanently restricted	657,515	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	657,515
Total net assets (deficit)	<u>19,849,248</u>	<u>9,289,530</u>	<u>(268,134)</u>	<u>(2,217,403)</u>	<u>1,627,308</u>	<u>1,465,894</u>	<u>(590,179)</u>	<u>(314,524)</u>	<u>(472,776)</u>	<u>1,254,590</u>	<u>(106,996)</u>	<u>339,416</u>	<u>(63,881)</u>	<u>(155,788)</u>	<u>855</u>	<u>482,138</u>	<u>(258,946)</u>	<u>(74,829)</u>	<u>(2,684,990)</u>	<u>(7,965,308)</u>	<u>2,966,717</u>	<u>22,101,942</u>
Total liabilities and net assets (deficit)	<u>\$ 27,433,309</u>	<u>\$ 10,612,063</u>	<u>\$ (245,713)</u>	<u>\$ (2,031,458)</u>	<u>\$ 1,634,885</u>	<u>\$ 1,509,217</u>	<u>\$ (585,876)</u>	<u>\$ (200,281)</u>	<u>\$ (493,929)</u>	<u>\$ 1,462,611</u>	<u>\$ 1,178,322</u>	<u>\$ 911,367</u>	<u>\$ 1,796,851</u>	<u>\$ (135,419)</u>	<u>\$ 97,800</u>	<u>\$ 482,138</u>	<u>\$ (258,946)</u>	<u>\$ (74,829)</u>	<u>\$ (466,546)</u>	<u>\$ (7,727,404)</u>	<u>\$ 6,286,583</u>	<u>\$ 41,184,745</u>

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, 2016

	HWI	Thrift	Bookstore	HWFSC	HWDC1	HWDC2	HWDC3	PitkinHDFC	LEX	JEFF	BCP	Hull	LPHDFC	PHP	HLP	Gotham	ATDN	Life Force	HWS1	HWS2	HWS3	Total	Eliminations	Total	
OPERATING REVENUES AND OTHER SUPPORT																									
Grants and contract services	\$ 7,303,257	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,714	\$ 765,036	\$ 580,265	\$ -	\$ -	\$ -	\$ 476,199	\$ 190,374	\$ 1,446,185	\$ 10,922,030	\$ -	10,922,030	
Bookstore sales	-	-	2,179,525	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,179,525	-	2,179,525	
Thrift shops sales	-	16,699,067	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,699,067	-	16,699,067	
Health service revenue	11,785,374	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,643,306	5,112,296	3,160,524	23,701,500	-	23,701,500	
Pharmacy revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,935,674	-	12,935,674		
In-kind contributions	-	16,582,188	2,557,143	6,641	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,145,972	-	19,145,972	
Contributions	1,376,364	1,788,480	147,856	130,695	-	-	-	-	-	-	-	-	-	-	100,010	-	-	233	670	200	10,250	3,554,758	-	3,554,758	
Rental income on apartments	546,169	-	225,015	-	60,606	23,157	11,669	46,011	603	27,115	210,680	-	197,241	-	-	1,094	-	-	-	-	-	1,349,360	-	1,349,360	
Food services	-	-	248,907	2,394,956	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,643,863	992,736	1,651,127	
Other revenue	1,141,536	1,634	27,258	5,353	117,403	137,753	-	77,815	-	10,104	77,566	124,388	141,104	200	8,420	4,514	-	-	-	5,843	451,681	2,332,572	369,225	1,963,347	
Net assets released from restrictions	481,956	-	-	-	-	-	-	-	-	-	-	56,250	-	-	41,667	-	-	-	-	-	-	579,873	-	579,873	
Total operating revenues and other support	22,634,656	35,071,369	5,385,704	2,537,645	178,009	160,910	11,669	123,826	603	37,219	288,246	180,638	499,059	765,236	730,362	5,608	-	233	4,120,175	5,308,713	18,004,314	96,044,194	1,361,961	94,682,233	
EXPENSES																									
Salaries and wages	13,925,350	4,984,086	780,172	1,154,583	3,327	3,334	(40,346)	-	3,756	3,739	46,571	-	42,641	325,296	510,347	57,320	-	1,848	2,325,082	1,775,949	3,407,479	29,310,534	-	29,310,534	
Fringe benefits	2,513,331	1,024,085	147,980	213,513	-	-	1,704	-	236	397	8,922	-	9,735	68,079	100,485	9,939	-	349	422,038	329,885	656,838	5,507,516	-	5,507,516	
Professional service fees	1,732,752	45,785	34,621	8,119	-	-	-	-	-	-	17,852	-	868	1,308	9,488	-	-	-	146,419	96,583	105,657	2,199,452	-	2,199,452	
Contracted services	1,614,306	1,219,434	164,137	80,709	8,982	12,110	8,422	15,446	3,828	2,391	8,731	6,683	1,483	12,543	10,028	299	-	431	451,066	741,925	1,673,617	6,036,571	949,697	5,086,874	
Client stipends and reimbursements	289,362	-	-	19,778	52,853	7,173	864	-	-	-	-	-	-	60,952	-	-	-	-	13,443	33,375	8,339	486,139	-	486,139	
Supplies	536,161	276,284	121,889	44,357	3,945	4,594	1,984	16,121	10,800	3,696	2,136	-	1,462	31,451	7,657	-	-	-	35,088	214,509	89,574	1,401,708	-	1,401,708	
Occupancy:																									
Office/retail	1,458,105	4,512,033	350,904	111,969	1,876	1,892	-	28,196	2,269	3,006	-	-	91	158,380	189,475	-	-	-	-	117,000	360,399	160,811	7,456,406	369,225	7,087,181
Client	662,738	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	662,738	-	662,738	
Utilities:																									
Office/retail	921,286	572,668	56,280	52,324	7,312	27,312	6,846	20,991	12,870	11,736	37,444	-	31,149	35,264	24,555	-	-	256	111,222	145,800	66,715	2,142,030	-	2,142,030	
Client	74,156	-	-	-	-	-	-	10,378	-	-	13,701	-	3,779	-	-	-	-	-	-	-	-	102,014	-	102,014	
Transportation	941,780	388,207	10,000	43,061	74	-	3,333	-	521	-	472	-	44	8,303	230	-	-	-	118,465	177,802	102,450	1,794,742	-	1,794,742	
Equipment rental, repairs and maintenance	310,202	307,174	9,920	184,597	8,397	(2,049)	3,204	6,140	1,341	1,241	9,234	-	1,452	7,040	(64,677)	-	-	-	43,425	16,764	49,700	893,105	-	893,105	
Facility repairs and maintenance	371,531	142,777	5,730	1,144	12,779	32,905	17,901	55,516	26,369	1,231	64,801	7,671	31,493	1,750	315	-	-	-	14,307	11,889	4,114	804,223	-	804,223	
Client participation expenses	178,396	2,700	150	1,584	9,843	-	10,710	2,110	-	392	-	-	19	7,563	-	-	-	-	143,036	302,138	88,147	746,788	-	746,788	
Staff expense	282,196	23,991	4,748	2,112	1,876	3,811	-	348	-	-	204	-	-	-	35,249	-	-	-	46,000	12,698	59,599	472,832	3,330	469,502	
Insurance expense	430,507	275,241	40,851	31,108	8,969	9,371	6,857	22	6,699	4,530	2,321	-	2,510	23,445	22,386	-	-	12	60,692	57,138	84,996	1,067,655	954	1,066,701	
Depreciation and amortization	710,256	304,344	2,400	5,922	98,883	128,183	139,843	60,996	2,954	106,171	65,941	439	474,628	-	(370)	2,590	2,457	-	176,492	321,408	175,666	2,779,203	-	2,779,203	
Gifts-in-kind expense	-	16,655,703	2,428,432	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	19,084,135	-	19,084,135	
Events expense	569,063	412,883	3,647	58,807	-	-	-	-	-	-	-	-	-	-	-	-	-	-	168	150	4,209	1,048,927	-	1,048,927	
Interest and finance fees	444,331	520,436	155,575	40,273	-	-	-	21,879	7,738	-	11,323	2,711	(26)	-	194	-	-	-	130,286	740	169,288	1,504,748	-	1,504,748	
Cost of Goods Sold	275	126,117	121,748	787,880	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,733,721	7,769,741	38,755	7,730,986	
Other expenses	797,780	323,899	465,681	13,609	1,452	-	550	(100)	-	1,591	3,033	-	-	10,356	12,130	-	-	-	28,810	5,668	29,506	1,693,965	-	1,693,965	
Management expenses	(4,953,141)	2,431,959	348,088	277,106	48,486	48,824	37,167	-	32,876	24,496	20,383	-	22,691	98,883	111,991	-	-	-	696,811	669,295	84,085	-	-	-	
Total expenses	23,810,723	34,549,806	5,252,953	3,132,555	269,054	277,460	199,039	238,043	112,257	164,617	313,069	17,504	624,019	850,613	969,483	70,148	2,457	2,896	5,079,850	5,274,115	13,754,511	94,965,172	1,361,961	93,603,211	
NON OPERATING REVENUES AND OTHER SUPPORT																									
Limited Partnership interest in loss (gain) of Fitzpatrick Ltd. Associates Limited Partnership	-	-	-	-	-	-	-	-	-	-	24,575	-	-	-	-	-	-	-	-	-	-	24,575	-	24,575	
Total nonoperating revenues and other support	-	-	-	-	-	-	-	-	-	-	24,575	-	-	-	-	-	-	-	-	-	-	24,575	-	24,575	
Change in net assets before entrepreneurial contributions	(1,176,067)	521,563	132,751	(594,910)	(91,045)	(116,550)	(187,370)	(114,217)	(111,654)	(127,398)	(248)	163,134	(124,960)	(85,377)	(239,121)	(64,540)	(2,457)	(2,663)	(959,675)	34,598	4,249,803	1,103,597	-	1,103,597	
Entrepreneurial contributions	(539,206)	535,570	3,636	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in unrestricted net assets	(636,861)	(14,007)	129,115	(594,910)	(91,045)	(116,550)	(187,370)	(114,217)	(111,654)	(127,398)	(248)	163,134	(124,960)	(85,377)	(239,121)	(64,540)	(2,457)	(2,663)	(959,675)	34,598	4,249,803	1,103,597	2,844,055	1,103,597	
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS																									
Contributions	807,762	-	-	-	-	-	-	-	-	-	-	56,250	-	-	50,000	-	-	-	-	-	-	914,012	-	914,012	
Net assets released from restrictions	(481,956)	-	-	-	-	-	-	-	-	-	-	(56,250)	-	-	(41,667)	-	-	-	-	-	-	(579,873)	-	(579,873)	
Increase in temporarily restricted net assets	325,806	-	-	-	-	-	-	-	-	-	-	-	-	-	8,333	-	-	-	-	-	-	334,139	-	334,139	
Changes in permanently restricted net assets:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in net assets	(311,055)	(14,007)	129,115	(594,910)	(91,045)	(116,550)	(187,370)	(114,217)	(111,654)	(127,398)	(248)	163,134	(124,960)	(85,377)	(230,788)	(64,540)	(2,457)	(2,663)	(959,675)	34,598	4,249,803	1,437,736	-	1,437,736	
Net assets beginning of the year	20,160,303	9,303,537	(397,249)	(1,622,493)	1,718,353	1,582,444	(402,809)	(200,307)	(361,122)	1,381,988	(106,748)	176,282	61,079	(70,411)	231,643	546,678	(256,489)	(72,166)	(1,725,315)	(7,999,906)	(1,283,086)	20,664,206	-	20,664,206	
Net assets end of year	\$ 19,849,248	\$ 9,289,530	\$ (268,134)	\$ (2,217,403)	\$ 1,627,308	\$ 1,465,894	\$ (590,179)	\$ (314,524)	\$ (472,776)	\$															