

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES**

**FINANCIAL STATEMENTS**

**JUNE 30, 2004 and 2003**

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

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**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
FINANCIAL STATEMENTS  
JUNE 30, 2004 and 2003**

**INDEX**

	<u>PAGE</u>
Independent Auditor's Report	1
Consolidated Statements of Financial Position	2-3
Consolidated Statements of Activities	4-5
Consolidated Statements of Changes in Net Assets	6
Consolidated Statements of Accumulated Deficits	7
Consolidated Statements of Cash Flows	8-9
Consolidated Schedules of Functional Expenses	10-11
Consolidated Notes to the Financial Statements	12-22
Supplementary schedules:	
Consolidating Statement of Financial Position (A)	23
Consolidating Statement of Activities (B)	24
Schedule of Fixed Assets	25
Schedule of Subsidiary Expenses	26
Temporarily Restricted Net Assets	27-28

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
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, 2004 and 2003, and the related consolidated statements of activities, changes in net assets and accumulated deficits, and the consolidated statements of 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 generally accepted auditing standards 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.

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fifth Avenue Committee, Inc. and subsidiaries as of June 30, 2004 and 2003 and the consolidated statements of activities, changes in net assets and accumulated deficits, and the consolidated statements of cash flows for the years then ended, in conformity with generally accepted accounting principles 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, 2004 and 2003 on pages 10 and 11 and the supplementary schedules on pages 23-29 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, are fairly stated in all material respects, in relation to these consolidated financial statements taken as a whole.

*Eisman, Zucker, Klein & Rittenberg, LLP*

White Plains, N.Y.  
October 12, 2004

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2004 and 2003**

	<b>2004</b>	<b>2003</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash & cash equivalents	\$ 622,126	\$ 555,702
Grants receivable	334,090	244,238
Accounts receivable - net of allowance for bad debts for 2004 and 2003 of \$20,000 and \$14,290 respectively	275,323	196,887
Prepaid expenses	9,630	9,970
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 1,241,169</b>	<b>\$ 1,006,797</b>
<b>FIXED ASSETS</b>		
Fixed assets, net of accumulated depreciation for 2004 and 2003 of \$ 505,528 and \$392,306 respectively	4,961,301	2,480,770
<b>OTHER ASSETS</b>		
Investment in real estate	-	106,550
Assigned debt receivable	836,128	836,128
Insurance claim receivable	-	296,714
Advances to affiliated companies	238,722	88,005
Other assets	9,133	12,511
<b>TOTAL OTHER ASSETS</b>	<b>1,083,983</b>	<b>1,339,908</b>
<b>TOTAL ASSETS</b>	<b>\$ 7,286,453</b>	<b>\$ 4,827,475</b>

See accompanying notes and auditor's report

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2004 and 2003**

	<b>2004</b>	<b>2003</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 531,215	\$ 171,820
Accrued expenses	77,598	73,641
Notes payable - current portion	602,727	148,233
Mortgage payable - current portion	2,863,393	487,038
Loans payable - affiliated company	90,000	100,000
Contract advances	512	6,250
Other payables	7,014	16,037
Advances from affiliated companies	17,216	9,416
Accrued construction costs	-	296,714
TOTAL CURRENT LIABILITIES	4,189,675	1,309,149
<b>LONG-TERM DEBT</b>		
IDA funds	68,400	21,250
Notes payable	127,213	449,453
Mortgage payable	1,268,208	1,946,823
TOTAL LONG-TERM DEBT	1,463,821	2,417,526
<b>TOTAL LIABILITIES</b>	5,653,496	3,726,675
Minority interest	82,000	82,000
<b>NET ASSETS/STOCKHOLDERS' EQUITY</b>		
Net Assets		
Unrestricted	1,320,025	840,960
Temporarily restricted	429,369	437,772
Total Net Assets	1,749,394	1,278,732
Stockholders' Equity		
Accumulated deficit	(198,437)	(259,932)
Total Stockholders' Equity	(198,437)	(259,932)
<b>TOTAL NET ASSETS/STOCKHOLDERS' EQUITY</b>	1,550,957	1,018,800
<b>TOTAL LIABILITIES AND NET ASSETS/ STOCKHOLDERS' EQUITY</b>	<b>\$ 7,286,453</b>	<b>\$ 4,827,475</b>

See accompanying notes and auditor's report

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2004**

	UNRESTRICTED	TEMPORARILY RESTRICTED	FOR PROFIT SUBSIDIARIES	TOTAL
<b>SUPPORT AND REVENUE</b>				
Government grants	\$ -	\$ 991,160	\$ -	\$ 991,160
Contributions - corporations	206,854	162,290		369,144
Contributions - foundations	250,962	1,307,957		1,558,919
Management fees	496,556			496,556
Development & marketing fees	294,984			294,984
Personnel placement fees			1,261,780	1,261,780
Fundraising income	437,620			437,620
Individual contributions	29,951			29,951
Interest income	311		290	601
CGNW merger revenues	515,207			515,207
Other revenues	62,885		7,071	69,956
Net assets released from restrictions	2,469,810	(2,469,810)		-
	<u>4,765,140</u>	<u>(8,403)</u>	<u>1,269,141</u>	<u>6,025,878</u>
<b>EXPENSES</b>				
Program services	2,538,380			2,538,380
Management and general	376,090			376,090
Fundraising	433,411			433,411
Subsidiaries expenses	938,194		1,207,646	2,145,840
TOTAL EXPENSES	<u>4,286,075</u>	<u>-</u>	<u>1,207,646</u>	<u>5,493,721</u>
<b>CHANGE IN NET ASSETS/ NET INCOME</b>				
	<u>\$ 479,065</u>	<u>\$ (8,403)</u>	<u>\$ 61,495</u>	<u>\$ 532,157</u>

See accompanying notes and auditor's report.

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2003**

	<b>UNRESTRICTED</b>	<b>TEMPORARILY RESTRICTED</b>	<b>FOR PROFIT SUBSIDIARIES</b>	<b>TOTAL</b>
<b>SUPPORT AND REVENUE</b>				
Government grants	\$ -	\$ 536,061	\$ -	\$ 536,061
Contributions - corporations	170,105	80,400		250,505
Contributions - foundations	706,498	1,201,983		1,908,481
Management fees	425,463		4,978	430,441
Development & marketing fees	165,920			165,920
Rental income	26,761			26,761
Personnel placement fees			946,863	946,863
Individual contributions	169,582			169,582
Interest income	4,820		379	5,199
Gain on sale of apartments	32,993			32,993
Other revenues	31,986		22,101	54,087
Net assets released from restrictions	<u>1,954,553</u>	<u>(1,954,553)</u>		<u>-</u>
<b>TOTAL SUPPORT AND REVENUES</b>	<u>3,688,681</u>	<u>(136,109)</u>	<u>974,321</u>	<u>4,526,893</u>
<b>EXPENSES</b>				
Program services	2,185,258			2,185,258
Management and general	330,407			330,407
Fundraising	356,358			356,358
Subsidiaries expenses	<u>965,950</u>		<u>899,862</u>	<u>1,865,812</u>
<b>TOTAL EXPENSES</b>	<u>3,837,973</u>	<u>-</u>	<u>899,862</u>	<u>4,737,835</u>
<b>CHANGE IN NET ASSETS/NET INCOME BEFORE DISCONTINUED OPERATIONS</b>				
	<u>(149,292)</u>	<u>(136,109)</u>	<u>74,459</u>	<u>(210,942)</u>
(Loss) from investment in operations of Community Auto Repairs Inc	(63,892)			(63,892)
<b>CHANGE IN NET ASSETS/NET INCOME</b>	<u>\$ (213,184)</u>	<u>\$ (136,109)</u>	<u>\$ 74,459</u>	<u>\$ (274,834)</u>

See accompanying notes and auditor's report.

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2004 and 2003**

	<b>UNRESTRICTED</b>	<b>TEMPORARILY RESTRICTED</b>	<b>TOTALS</b>
Net Assets 6/30/2002	\$ 1,054,144	\$ 573,881	\$ 1,628,025
Change in net assets	<u>(213,184)</u>	<u>(136,109)</u>	<u>(349,293)</u>
<b>NET ASSETS 6/30/2003</b>	<b>840,960</b>	<b>437,772</b>	<b>1,278,732</b>
Change in net assets	479,065	(8,403)	470,662
<b>NET ASSETS 6/30/2004</b>	<b><u>\$ 1,320,025</u></b>	<b><u>\$ 429,369</u></b>	<b><u>\$ 1,749,394</u></b>

See accompanying notes and auditor's report.



**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
STATEMENTS OF ACCUMULATED DEFICIT  
FOR THE YEARS ENDED JUNE 30, 2004 and 2003**

	2004	2003
Balance beginning of year	\$ (259,932)	\$ (392,191)
Adjustment of equity balances for discontinued operations		57,800
Net income for the year	61,495	74,459
<b>Accumulated deficit - end of year</b>	<b><u><u>\$ (198,437)</u></u></b>	<b><u><u>\$ (259,932)</u></u></b>

See accompanying notes and auditor's report.

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
STATEMENTS OF CHANGES IN CASH FLOWS  
JUNE 30, 2004 and 2003**

	<b>2004</b>	<b>2003</b>
<b>Cash Flows from operating activities:</b>		
Changes in net assets	\$ 532,157	\$ (274,834)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Losses from discontinued operations	-	57,800
Depreciation & amortization	78,652	73,406
(Increases) Decreases in Assets:		
Grants receivable	(89,852)	60,725
Accounts receivable	(78,436)	(106,745)
Prepaid expenses	340	(4,425)
Discontinued current assets		9,082
Insurance claims receivable	296,714	(296,714)
Other assets	3,377	29,558
Investment in real estate	106,550	(106,550)
Advances to affiliated companies	(150,717)	128,408
Increases(Decreases) in Liabilities:		
Accounts payable	359,395	22,202
Accrued expenses	3,957	(19,567)
Refundable advances		(40,000)
Unearned income	(5,738)	2,865
Advances from affiliated companies	7,800	9,416
Other payables	(9,023)	13,986
Accrued construction costs	(296,714)	296,714
IDA funds	47,150	21,250
Discontinued current liabilities	-	(10,955)
<b>Net cash flows provided by (used in) operating activities</b>	<b>805,612</b>	<b>(134,378)</b>

**Cash flows used in investing Activities**

Increase in construction in progress	(2,138,137)	
Acquisition of Coop land and building	(420,000)	1,954,997
Acquisition of of fixed assets	(1,045)	(231,221)
<b>Net cash flows used in investing activities</b>	<b>(2,559,182)</b>	<b>1,723,776</b>

See accompanying notes and auditor's report.

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
STATEMENTS OF CHANGES IN CASH FLOWS  
JUNE 30, 2004 and 2003**

	<b>2004</b>	<b>2003</b>
<b>Cash flows provided by financing activities</b>		
Proceeds from loans	150,000	175,000
Proceeds from mortgages	1,697,740	170,891
Payment of loans	(27,746)	(73,345)
Payments of mortgages	-	(1,113,227)
Assignment of debt receivable	-	(836,128)
<b>Net cash flows provided by financing activities</b>	<b>1,819,994</b>	<b>(1,676,809)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>66,424</b>	<b>(87,411)</b>
Cash and cash equivalents, beginning of year	555,702	643,113
<b>Cash and cash equivalents, end of year</b>	<b>\$ 622,126</b>	<b>\$ 555,702</b>
Cash paid for interest	\$ 20,734	\$ 17,180

See accompanying notes and auditor's report.

**FIFTH AVENUE COMMITTEE, INC. AND CONSOLIDATED SUBSIDIARIES**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR YEAR ENDED JUNE 30, 2004**

	HOUSING DEVELOPMENT & MANAGEMENT	ADULT ED & WORKFORCE DEVELOPMENT	ORGANIZING AND ADVOCACY	CRIMINAL JUSTICE	TOTAL PROGRAM EXPENSES	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL FIFTH AVE COMMITTEE	SUBSIDIARIES EXPENSES	2004 TOTAL EXPENSES
<b>PERSONNEL EXPENSES</b>										
Salaries	\$ 613,123	\$ 458,480	\$ 400,374	\$ 209,676	\$ 1,681,653	\$ 170,491	\$ 224,521	2,076,665	\$ 422,388	\$ 2,499,053
Payroll taxes and fringe benefits	173,356	97,399	123,942	49,630	444,327	39,148	55,156	538,631	71,846	610,477
Total salaries and related expenses	786,479	555,879	524,316	259,306	2,125,980	209,639	279,677	2,615,296	494,234	3,109,530
<b>OTHER THAN PERSONNEL</b>										
Personnel staffing expense										
Consultants									886,443	886,443
Professional expense	8,923	30,471	19,765	11,032	70,191	24,738	21,683	116,612	89,511	89,511
Occupancy costs	28,235	24,052	24,342	9,661	86,290	9,215	10,330	105,835	42,168	158,780
Office supplies & printing	15,191	14,878	13,147	5,093	48,309	4,858	32,764	85,931	33,581	139,416
Telephone and postage	15,692	13,519	14,431	5,368	49,010	5,045	8,099	62,154	17,982	103,913
Maintenance & repair	2,561	3,462	1,647	863	8,533	823	922	10,278	11,348	73,502
Equipment expense	10,648	11,787	7,175	3,643	33,253	3,475	3,896	40,624	7,024	17,302
VISTA special projects related	5,082	3,800	4,969	1,739	15,590	1,965	1,859	19,414	11,610	52,234
Conference travel and training	1,543	278	16,329	10,109	28,259	9,543	391	38,193	4,116	42,309
Liability insurance	7,114	5,320	4,646	2,434	19,514	2,322	2,603	24,439	22,985	47,424
Publications/books	78	4,612	420	691	5,801	353	1,064	7,218		
Fundraising Expense										
Meetings and Events	748	1,484	13,672	4,004	19,908	9,009	65,134	65,134	37,908	103,042
Advertising, memberships and contributions		175	530	100	805	10,040	2,920	31,837		
Fees and bank charges	2,193	1,715	1,532	785	6,225	8,591	738	11,583	15,680	27,263
Development Expense	11,693				11,693		1,331	16,147	11,080	27,227
Miscellaneous expense		38	3,795		3,833	15,186		11,693	1,512	11,693
Management fees								19,019	3,004	20,531
Utilities										
Direct training										
Other program expenses										
Income tax expense										
Loss from limited partnerships										
Debt service						3,765		3,765	1,421	1,421
Depreciation & amortization						57,523		57,523	16,969	20,734
Total other than personnel expenses	109,701	120,777	126,400	55,522	412,400	166,451	153,734	732,585	1,651,606	2,384,191
<b>TOTAL EXPENSES</b>	\$ 896,180	\$ 676,656	\$ 650,716	\$ 314,828	\$ 2,538,380	\$ 376,090	\$ 433,411	\$ 3,347,881	\$ 2,145,840	\$ 5,493,721



**FIFTH AVENUE COMMITTEE, INC. AND CONSOLIDATED SUBSIDIARIES**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR YEAR ENDED JUNE 30, 2003**

	HOUSING DEVELOPMENT & MANAGEMENT	ADULT ED & WORKFORCE DEVELOPMENT	ORGANIZING AND ADVOCACY	CRIMINAL JUSTICE	TOTAL PROGRAM EXPENSES	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL FIFTH AVE COMMITTEE	SUBSIDIARIES EXPENSES	2003 TOTAL EXPENSES
<b>PERSONNEL EXPENSES</b>										
Salaries	\$ 612,781	\$ 118,502	\$ 385,238	\$ 195,593	\$ 1,312,114	\$ 159,946	\$ 181,918	\$ 1,653,978	\$ 444,130	\$ 2,098,108
Payroll taxes and fringe benefits	164,074	31,729	103,149	52,371	351,323	29,920	48,709	429,952	83,173	513,125
Total salaries and related expens	776,855	150,231	488,387	247,964	1,663,437	189,866	230,627	2,083,930	527,303	2,611,233
<b>OTHER THAN PERSONNEL</b>										
Personnel staffing expense										
Consultants	45,987	29,920	12,757	23,691	112,355	27,723	76,070	216,148	645,782	645,782
Professional expense	14,911	2,884	9,374	4,760	31,929	774	1,557	34,260	103,071	319,219
Occupancy costs	37,144	7,183	23,538	11,856	79,721	9,077	11,027	99,825	18,058	52,318
Office supplies & printing	31,396	6,072	21,260	10,021	68,749	7,674	9,321	85,744	50,557	150,382
Telephone and postage	24,208	4,682	15,407	7,728	52,025	5,914	7,187	65,126	33,535	119,279
Maintenance & repair	3,541	685	2,226	1,130	7,582	865	1,051	9,498	9,480	74,606
Equipment expense	13,411	3,383	8,642	4,362	29,798	9,814	4,855	44,467	13,423	22,921
Conference travel and training	5,370	1,929	17,269	13,580	38,148	5,269	3,065	46,482	3,875	48,342
Liability insurance	5,557	1,075	3,493	1,774	11,899	1,357	1,650	14,906	16,988	48,091
Fundraising events									49,887	31,894
Meetings and Events	1,971	979	15,301	10,287	28,538	11,167	6,053	6,053	55,940	55,940
Advertising, memberships and c	775	1,320	800	100	2,995	6,224	2,120	41,825	12,639	41,825
Fees and bank charges	2,778	537	1,746	887	5,948	5,473	825	12,246	10,332	21,858
Publication/books	50	65	178	239	532	1,114	950	2,596		22,578
Miscellaneous expense						2,349		2,349	4,224	2,596
Management fees									933	6,573
Utilities									14,372	933
Direct training									257,595	14,372
Development expenses	49,025				49,025			49,025	257,595	257,595
Other program expenses		927	1,650		2,577			2,577	25,000	74,025
Income tax expense									18,543	21,120
Loss from limited partnerships									1,590	1,590
Debt service						(4,855)		(4,855)	2,471	2,471
Depreciation & amortization						50,602		50,602	22,035	17,180
Total other than personnel exper	236,124	61,641	133,641	90,415	521,821	140,541	125,731	788,093	1,338,509	2,126,602
<b>TOTAL EXPENSES</b>	<b>\$ 1,012,979</b>	<b>\$ 211,872</b>	<b>\$ 622,028</b>	<b>\$ 338,379</b>	<b>\$ 2,185,258</b>	<b>\$ 330,407</b>	<b>\$ 356,358</b>	<b>\$ 2,872,023</b>	<b>\$ 1,865,812</b>	<b>\$ 4,737,835</b>

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 and 2003**

**ORGANIZATION AND PRINCIPLES OF CONSOLIDATION**

The Fifth Avenue Committee, Inc. (FAC) was established and incorporated in August, 1978. FAC is a not-for-profit community development corporation whose mission is to advance social and economic justice in South Brooklyn, by developing and managing affordable housing, creating economic opportunity, organizing residents and workers, and combating displacement caused by gentrification.

The Carroll Gardens Neighborhood Women Inc. (CGNW), a not-for-profit corporation organized under the laws of New York State, merged with the Fifth Avenue Committee, Inc. on October 1, 2003. CGNW is a social service agency which runs education and job development programs in South Brooklyn. Under terms of the merger agreement, no cash or other assets were exchanged as consideration and the surviving corporation will be called the Fifth Avenue Committee, Inc.

**BASIS OF CONSOLIDATION**

The consolidated financial statements include all accounts of FAC and its wholly owned subsidiaries. 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-generating community enterprises and job-training and placement programs. LEAP became a “controlled affiliate” of FAC on January 1, 2000.

*FAC Housing Development Fund Corporation (FAC HDFC)* was formed to acquire, develop and manage low-income housing in Brooklyn, New York. The Corporation is involved with the following projects: 332 Bergen Street contains 8 residential apartments and 621 Degraw Street, a commercial building that is currently under renovation and will be the future headquarters of FAC. *FAC HDFC's* financial results are included in the consolidation as of July 1, 2001 with a transfer of net assets of \$70,925.

*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 First Source Staffing.

*Fifth Avenue Rehabilitation Corp. (FARC)* is the general partner of the Fifth Avenue Corridor Partnership, 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.

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 and 2003**

**BASIS OF CONSOLIDATION (cont'd)**

*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.

**SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**

**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.

**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. The estimated useful lives range from 5-30 years.

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. Upon disposal of depreciable property, the appropriate property accounts are reduced by related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

The buildings are being depreciated over 40 years.

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 and 2003**

**SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (cont'd)**

**FIXED ASSETS (cont'd)**

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.

**ALLOCATION 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.

**CONCENTRATION OF CREDIT RISK**

The organization maintains cash balances in excess of the \$100,000 in banks which are insured by the Federal Deposit Insurance Corporation up to that limit. At June 30, 2004 and 2003, the organization's uninsured cash balances totaled \$234,189 and \$175,928, respectively.

**INCOME TAXES**

The parent organization, Fifth Ave. Committee, Inc. is exempt from Federal income taxes under section 501(C)(3) of the Internal Revenue Code and is not considered a private foundation within the meaning of Section 509(a) of the Internal Revenue Code and is therefore exempt from Federal, State and City taxes. The income tax expense of \$1,590 and \$1,590 reflected in the consolidated financial statements for the years ended June 30, 2004 and 2003, respectively, represent the minimum state and city corporate taxes of the taxable subsidiary corporations.

**USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS**

Management of FAC uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumption could affect the reported amounts of assets and liabilities. The disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period could be affected also. Actual results could differ from those estimates.



**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 and 2003**

**SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (cont'd)**

**ALLOWANCE FOR DOUBTFUL ACCOUNTS**

The Fifth Avenue Committee and its consolidated subsidiaries evaluates the collectability of its customer 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. 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 equivalents consist of highly liquid investments with an initial maturity of one year or less.

**PROGRAMS**

**HOUSING DEVELOPMENT AND MANAGEMENT**

FAC develops and preserves affordable housing for low and moderate-income families. FAC provides development and construction management services to Housing Development Fund Corporations and Limited Partnerships for the development of housing for low-income, moderate-income, and homeless individuals and families, including people with special needs. FAC contracts with owners (especially resident-owners) of multi-family low-income housing and community centers to provide decent management and maintenance. FAC also provides 7A administration to repair and manage buildings at-risk of landlord abandonment or foreclosure.

**ORGANIZING AND ADVOCACY**

FAC helps community residents organize to win better quality of life, improvements in government and private-sectors policies and practices, which impact our community, to increase low-income residents' participation and control in neighborhood institutions to nurture community based leadership, and to promote positive social change. Specifically, 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 also assists homeowners and first-time buyers through workshops and technical assistance. FAC advises, assists, and advocates on behalf of low-income individuals, and organizes workshops to provide information on the rights of tenants and public assistance recipients. 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. FAC assists public assistance recipients to organize toward improving New York City's Welfare System, and serves as a sponsoring organization for Families United For Racial And Economic Equality (FUREE), offering staff, organizing and other resources.

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATES SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 and 2003**

**PROGRAMS (cont'd)**

**COMMUNITY ECONOMIC DEVELOPMENT**

FAC, primarily through its controlled affiliate LEAP works to increase economic opportunity for low- and moderate-income people by creating jobs, training, and new community enterprises in sectors that pay a living wage and offer opportunities for career development. Social purpose enterprises include the Community Staffing Solutions Inc. and Brooklyn Workforce Innovations. Training programs include Red Hook on the Road and Brooklyn Networks. FAC also assists hundreds of neighborhood residents with job searches and interviews, training programs, and job readiness; and develops mixed-use properties and assists business owners in order to revitalize Fifth Avenue in South Brooklyn.

**CRIMINAL JUSTICE**

FAC's "Developing Justice in South Brooklyn" project is a model program involving a community development corporation working to address criminal justice. The project combines community development working with people who were formally 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**

The Fifth Avenue Committee provides student centered adult education and family literacy classes through a merger with Carroll Gardens Neighborhood Women (CGNW). Adult Basic Education (ABE), English as a Second Language (ESL) and GED (General Equivalency Diploma) courses, computer classes and college workshops are provided to hundreds of overwhelming immigrant students annually at our 294 Smith Street location. 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 child's education. Knowing that there is a link between educational attainment, literacy and earning power, FAC also began the Learn More to Earn More program which combines adult education and employment counseling to enable low-income community residents in low-wage jobs to increase their earnings over time.

**TRANSACTIONS WITH AFFILIATED COMPANIES**

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.

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 and 2003**

**TRANSACTIONS WITH AFFILIATED COMPANIES (cont'd)**

The net result of these actions is advances to unconsolidated affiliated companies as of June 30, 2004 and 2003 of \$238,722 and \$88,005, respectively. Advances from unconsolidated affiliated companies as of June 30, 2004 and 2003 were \$17,216 and \$9,416, respectively.

**RETIREMENT PLAN**

FAC has a Simplified Employee Pension Plan. The corporation has made no contributions for the periods ended June 30, 2004 and 2003.

**LEASES**

FAC has a non-cancelable operating lease for office space at 141 Fifth Avenue that is used as their headquarters. The lessor is the Fifth Avenue Corridor LP, a related party. The term of the lease is ten years and it expires on February 28, 2006. Rent expense for the years ended June 30, 2004 and 2003 was \$29,520 and \$29,520, respectively.

FAC signed a non-cancelable operating lease on August 14, 2000 for office space at 140 Fifth Avenue that is used by Community Staffing Solutions, Inc., a related corporation, as its operating facility. The lease term is five years with a monthly rent of \$1,350 and the monthly rent is paid by the related entity.

FAC signed a non-cancelable operating lease for 750 sq. ft. of additional headquarters' office space at 143 Fifth Avenue. The lease is dated February 17, 1999 with a five year term and requires monthly payments of \$1,900 through February 2004 and \$3,700 thereafter. Rent expense for the years ended June 30, 2004 and 2003 was \$28,800 and \$22,800, respectively.

FAC signed a non-cancelable operating lease for 1,600 sq. ft. at 151 Fifth Avenue to house its FUREE and Neighborhood Employment Services programs. The lease is dated October 1, 2000 with a five-year term and requires monthly payments of \$2,075. Rent expense for the years ended June 30, 2004 and 2003 were \$24,900 and \$24,900, respectively.

LEAP, Inc. signed a non-cancelable operating lease to house its *Red Hook on the Road* program at 336 Butler Street. The lease is dated November 1, 2000 with a ten-year term and requires monthly payments of \$850. Rent expense for the years ended June 30, 2004 and 2003 were \$15,042 and \$12,750, respectively.

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 and 2003**

**LEASES (cont'd)**

Minimum required lease payments for future years are as follows:

Years ended June 30:

	2005	\$ 78,545
	2006	30,060
	2007	10,200
	2008	10,200
	Thereafter	13,600
		\$ 142,605

**INVESTMENT IN REAL ESTATE**

On July 3, 2002, 545 Warren Street Housing Development Fund Corporation (the "Cooperative") issued its cooperative offering plan to the public. The purpose of the plan is to transfer the apartment building and land located at 545 Warren Street from FAC HDFC (the "Sponsor") to private owner/occupants who own shares in the Cooperative.

As of June 30, 2003, the Sponsor is holding the remaining 300 shares of common stock allocated to one apartment which is in the process of being sold. The cost basis of the unsold shares is \$106,550 and the offering price is expected to be approximately \$105,720. The unit was sold in May, 2004.

**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, 2004.

**OTHER ASSETS**

As of June 30, 2004 and 2003, other assets consist of:

	2004	2003
Deposits	\$ 15,166	\$ 16,401
Investment in Limited Partnership	(6,033)	(4,300)
Other	0	410
	\$ 9,133	\$ 12,511

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 and 2003**

**NOTES PAYABLE**

FAC has an outstanding loan in the amount of \$120,000 with the Fannie Mae Foundation. The loan originated on December 20, 2000 and the proceeds were used for the Red Hook Home Development Project. The loan bears interest at 1% per annum and requires quarterly payments of interest. The loan matures in December, 2004.

FAC has a \$75,000 line of credit with Chase Small Business Financial Services. The line carries an interest rate of 4.50% and has no outstanding balance as of June 30, 2004.

Community Staffing Solutions has \$70,000 outstanding in non-voting cumulative redeemable preferred stock on which \$16,800 and \$8,400 in interest has been accrued as of June 30, 2004 and 2003, respectively. In 2006, the principal plus unpaid dividends/interest will convert into a five-year term loan bearing interest at the prime rate.

Community Staffing Solutions has an outstanding loan of \$22,917 with Catholic Campaign for Human Development. The loan was used for working capital. This 5 year loan is non-interest bearing. It is payable in 60 installments of \$897.44.

Community Staffing Solutions closed on \$75,000 of term debt financing from The Local Enterprise Assistance Fund (LEAF) on August 14, 2002. The loan is for a five-year term bearing interest at the rate of 7% per year compounded monthly. The repayment schedule calls for monthly installment payments of \$1,485.09 which includes both principal and interest.

Community Staffing Solutions had an outstanding loan of \$3,704 at June 30, 2003 with the Adrian Dominican Sisters. The loan originated on January 20, 1999 and carried an interest rate of 5%. The note was payable in 60 monthly installments of \$471.79 that included principal and interest. The note matured on February 15, 2004.

FAC has an outstanding loan in the amount of \$300,000 with Citicorp USA. The loan originated in March 29, 2002 and the proceeds are being used for the construction of the South Brooklyn Community Development Center at 621 Degraw Street. The loan bears interest at 4% and requires quarterly payment of interest only. The loan matures on April 5, 2005.

FAC has a \$150,000 pre-construction loan with HSBC. The line carries an interest rate of prime and has an outstanding balance of \$150,000 at June 30, 2004. The proceeds of the line were used for residential housing development in Red Hook.

The Corporation has a \$90,000 loan with 573 Warren Street HDFC, a related party. The money was used for working capital. The loan has a fixed interest amount of \$5,000 of which \$1,935 was accrued for the period ended June 30, 2004. The loan will be repaid from excess working capital funds in the future.

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 and 2003**

**NOTES PAYABLE (cont'd)**

Principal maturities in future years are as follows:

Year ended June 30:		
	2005	\$ 602,727
	2006	37,761
	2007	38,578
	2008	27,196
	Thereafter	23,678
		\$ 729,940

**MORTGAGE PAYABLE**

As of June 30, 2004, all mortgages reflected in the consolidated balance sheet pertain to FAC HDFC which had the following mortgages and loans outstanding:

Ref #	Property	6/30/04
1	332 Bergen Street	\$ 190,497
2	332 Bergen Street	119,808
3	332 Bergen Street	136,000
4	545 Warren Street	836,128
5	545 Warren Street	-
6	621 DeGraw Street	644,232
7	621 DeGraw Street	2,204,936
	TOTAL	\$4,131,601

(1) On June 11, 1997 FAC HDFC obtained an Article XV Loan from the Neighborhood Housing Services of New York City Inc. for an original amount of \$208,000. The Article XV Loan is collateralized by the land and building at 332 Bergen Street and matures on October 1, 2024. The loan requires varying monthly payments at an annual rate of 1%. The monthly payment schedule is:

\$ 392 a month from November 1, 1998 to October 1, 2013 ( interest only )  
 \$1,863 a month from November 1, 2013 to October 1, 2018 ( interest and principal)  
 \$ 878 a month from November 1, 2018 to October 1, 2024 (maturity)( interest and principal)

(2) On June 11, 1997, FAC HDFC obtained a loan from the Neighborhood Housing Services of New York City Inc. for an original amount of \$180,000. The loan requires monthly payments of \$1,464 applied towards principal and interest at a fixed rate of 5.5%. The loan is collateralized by the land and building at 332 Bergen Street and matures on June 11, 2012.

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 and 2003**

**MORTGAGES PAYABLE (cont'd)**

(3) On June 11, 1997, FAC HDFC obtained loan from the Department of Housing Preservation and Development (HPD) of New York City Inc. for an original amount of \$136,000. The Home Loan does not require any payment of principal or interest. The Home Loan is collateralized by the land and building at 332 Bergen Street. If the Corporation is not in default on the Article XV Loan provisions it will be forgiven on June 11, 2012.

(4) On September 15, 2000, FAC HDFC obtained a construction loan from the Housing Trust Fund Corporation for \$836,128. The loan does not require monthly payments of principal or interest. The loan is collateralized by the land and building of 545 Warren Street and matures on August 28, 2032.

(5) On September 15, 2000, FAC HDFC obtained a construction loan from the Low Income Housing Fund for an original amount of \$1,100,000. The loan requires monthly payments of interest only at an annual rate of 7.5%. The loan is collateralized by the land and building of 545 Warren Street and matures on December 1, 2003. The loan is currently being repaid from the sale proceeds of the eleven cooperative units at 545 Warren Street.

(6) On May 20, 2002, FAC HDFC obtained an acquisition/construction loan from the Local Initiative Support Corporation for a maximum amount of \$825,000, of which, \$644,232 has been drawn down as of June 30, 2004. The proceeds of the loan were used to pay for acquisition and construction costs. The loan requires quarterly payments of interest only at an annual rate of 6.3%. The loan is collateralized by the land and buildings at 621 DeGraw Street and matures on November 1, 2004. This loan will be repaid through a conversion to permanent financing for the project.

(7) On May 20, 2002, FAC HDFC obtained a building loan from The Roslyn Savings Bank for a maximum amount of \$3,174,828, of which, \$2,204,936 has been drawn down as of June 30, 2004. The proceeds of the loan were used to pay for the acquisition of the property. The loan requires monthly payments of principal and interest at an annual interest rate of prime plus 50 basis points. The loan is collateralized by the land and buildings at 621 DeGraw Street and matures on November 11, 2004. This loan will be repaid through a conversion to permanent financing for the project.

The combined principal maturities of the loans and mortgages are:

Year ended June 30:		
	2005	\$ 2,863,393
	2006	14,867
	2007	15,604
	2008	16,350
	2009	17,119
	Thereafter	1,204,268
		<u>\$ 4,131,601</u>

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 and 2003**

**CGNW MERGER**

FAC merged with Carroll Gardens Neighborhood Women on October 1, 2003. Assets and liabilities of the merged entities were recorded in accordance with provisions of SFAS 116 for not-for-profit entities. Thus, the sum of the fair values of assets received over the fair value of liabilities assumed represented \$515,207 and is included in the Statement of Activities as Contribution Revenues.

**NET OPERATING LOSS CARRY FORWARDS**

The Community Staffing Solutions has the following federal tax loss carry forwards available to offset future taxable income:

Tax Year	Carryover	Used This Year	Remaining Carryover
1999	\$ 56,951	\$ 56,951	\$ -
2000	44,555	6,911	37,644
2001	116,206	-	116,206
	<u>\$ 217,712</u>	<u>\$ 63,862</u>	<u>\$ 153,850</u>

The tax benefit of operating loss carryforwards assuming a 17.2% corporate tax rate is \$26,462. This deferred tax asset has been offset by a 100% valuation allowance. The benefit is available to offset futures taxable benefits

**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 participant's 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, 2004, the corporation has received program grants of \$270,341 of which \$223,191 can be used for administrative costs, and \$68,400 has been set aside to be used for future participant matching funds.

**INSURANCE CLAIMS**

On October 1, 2002, construction work at a neighboring property damaged the foundation of 332 Bergen Street. On November 14, 2002, the City of New York Department of Buildings issued a vacate order on the entire building until the damage to the foundation was repaired. In Mid 2003, the Corporation reached an initial settlement with the insurance company, Public Service Mutual Insurance Company for \$296,714, the cost to restore the building to its original condition. The corporation received checks for final settlement of \$301,543 in fiscal 2004. The insurance claim did not reimburse the company for rents lost during the time the building was empty. Rentals resumed in April 2004.



**SUPPLEMENTARY SCHEDULES**

**FIFTH AVENUE COMMITTEE INC. AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2004**

SCHEDULE A

	FIFTH AVENUE COMMITTEE, INC.	LEAP INC.	FAC HDFC	GENERAL PARTNERS	COMMUNITY STAFFING SOLUTIONS	Total	ELIMINATIONS	CONSOLIDATED
							DR CR	
<b>ASSETS</b>								
Cash & cash equivalents	\$ 422,094	\$ 139,358	\$ 9,653		\$ 51,041	\$ 622,126		\$ 622,126
Grants receivable	240,133	93,957				334,090		334,090
Accounts receivable	261,805		4,550	3,419	270,775	275,323		275,323
Accounts receivable - affiliated companies	3,347				1,562	265,224	37,363	227,861
Prepaid expenses	570,429	22,267	4,721		4,422	9,630		9,630
Fixed Assets, net of accumulated depreciation	679,139	1,665	4,364,183			4,961,301		4,961,301
Advances to affiliated companies	168,600		9,425			690,229		10,861
Investments in affiliated companies, at cost						168,600		168,600
Investment in unsoft shared								-
Assigned debt receivable			836,128			836,128		836,128
Other assets	10,015	1,700	3,451	(6,033)		9,133		9,133
Insurance claim receivable								-
<b>TOTAL ASSETS</b>	<u>2,355,562</u>	<u>258,947</u>	<u>5,232,091</u>	<u>(2,614)</u>	<u>327,798</u>	<u>8,171,784</u>	<u>885,331</u>	<u>\$ 7,286,453</u>
<b>LIABILITIES</b>								
Accounts payable	47,557	58,047	359,620		65,991	531,215		531,215
Accrued expenses	77,598				32,727	77,598		77,598
Notes payable - current portion	570,000					602,727		602,727
Mortgage Payable - current portion			2,863,383			2,863,395		2,863,393
Loans payable - related companies	90,000					90,000		90,000
Unearned income			512			512		512
Other payables			2,873	4,141		7,014		7,014
Advances from affiliated companies			713,279	15,551		733,947	716,731	17,216
Loans payable - long term					5,117	127,213		127,213
Mortgage payable - long term			1,268,208			1,268,208		1,268,208
IDA funds	68,400					68,400		68,400
Accrued construction costs								-
<b>Total Liabilities</b>	<u>853,555</u>	<u>58,047</u>	<u>5,207,885</u>	<u>19,692</u>	<u>231,048</u>	<u>6,370,227</u>	<u>716,731</u>	<u>5,653,496</u>
<b>MINORITY INTEREST</b>								82,000
<b>NET ASSETS/STOCKHOLDERS' EQUITY</b>								
Net Assets Unrestricted	1,187,811	85,727				1,273,538		1,320,025
Net Assets Temporarily Restricted	314,196	115,173	24,206			429,369		429,369
Preferred Stock					2	2		-
Additional Paid in Capital					250,598	250,598		-
Accumulated Deficit				(22,306)	(153,850)	(176,156)	22,281	(198,437)
<b>TOTAL NET ASSETS/STOCK EQUITY</b>	<u>1,502,007</u>	<u>200,900</u>	<u>24,206</u>	<u>(22,306)</u>	<u>96,750</u>	<u>1,801,557</u>	<u>22,281</u>	<u>1,530,957</u>
<b>TOTAL LIABILITIES AND NET ASSETS/ STOCKHOLDERS' EQUITY</b>	<u>\$ 2,355,562</u>	<u>\$ 258,947</u>	<u>\$ 5,232,091</u>	<u>\$ (2,614)</u>	<u>\$ 327,798</u>	<u>\$ 8,171,784</u>	<u>\$ 989,612</u>	<u>\$ 7,286,453</u>

FIFTH AVENUE COMMITTEE INC. CONSOLIDATING SUBSIDIARIES  
CONSOLIDATING STATEMENT OF ACTIVITIES  
JUNE 30, 2004

SCHEDULE B

	FIFTH AVENUE COMMITTEE, INC.	LEAP INC.	FAC HDFC	GENERAL PARTNERS	COMMUNITY STAFFING SOLUTIONS	TOTAL	ELIMINATIONS DR	CR	CONSOLIDATED
<b>REVENUE</b>									
Government grants	\$ 679,608	\$ 311,552				\$ 991,160			\$ 991,160
Contributions - corporations	293,302	75,842				369,144			369,144
Contributions - foundations	977,409	581,510				1,558,919			1,558,919
Management fees	496,168			12,653		508,821	12,265		496,556
Development & marketing Fees	294,984					294,984			294,984
Personnel placement fees					1,261,780	1,261,780			1,261,780
Fundraising income	437,620					437,620			437,620
Individual contributions	29,951					29,951			29,951
Interest income		311		290		601			601
Subcontract income	151,931	100,464				252,395	252,395		-
CGNW merger revenues	515,207					515,207			515,207
Other revenues	68,069	8,046	(13,230)	1,898	5,173	69,956			69,956
<b>TOTAL REVENUE</b>	<b>3,944,249</b>	<b>1,077,725</b>	<b>(13,230)</b>	<b>14,841</b>	<b>1,266,953</b>	<b>6,290,538</b>	<b>264,660</b>	<b>-</b>	<b>6,025,878</b>
<b>EXPENSES</b>									
Program services	2,638,839					2,638,839		100,459	2,538,380
Management and general	376,090					376,090			376,090
Fundraising	433,411					433,411			433,411
Subsidiary expense		1,048,508	41,234	17,208	1,203,091	2,310,041		164,201	2,145,840
<b>TOTAL EXPENSES</b>	<b>3,448,340</b>	<b>1,048,508</b>	<b>41,234</b>	<b>17,208</b>	<b>1,203,091</b>	<b>5,758,381</b>	<b>-</b>	<b>264,660</b>	<b>5,493,721</b>
<b>CHANGE IN NET ASSETS/ NET INCOME(LOSS)</b>	<b>\$ 495,909</b>	<b>\$ 29,217</b>	<b>\$ (54,464)</b>	<b>\$ (2,367)</b>	<b>\$ 63,862</b>	<b>\$ 532,157</b>	<b>\$ 264,660</b>	<b>\$ 264,660</b>	<b>\$ 532,157</b>

**FIFTH AVENUE COMMITTEE, INC.  
AND CONSOLIDATED SUBSIDIARIES  
SCHEDULE OF FIXED ASSETS  
FOR THE YEAR ENDED JUNE 30, 2004**

	FAC	LEAP	Community Staffing Solutions	FAC HDFC 332 Bergen	FAC HDFC 621 Degraw	Total
Land	\$ -	\$ -	\$ -	\$ 284,243	\$ -	\$ 284,243
Building	420,000			284,242		704,242
Less: Accumulated Depreciation	(7,875)			(54,503)		(62,378)
Net Building	412,125	-	-	229,739	-	641,864
Fixtures & Equipment	274,585	9,103	49,410			333,098
less Accumulated Depreciation	(229,935)	(9,036)	(44,988)			(283,959)
Net Fixtures & Equipment	44,650	67	4,422	-	-	49,139
Leasehold Improvements	260,453	37,000				297,453
Less: Accumulated Depreciation	(146,801)	(14,800)				(161,601)
Net Leasehold Improvements	113,652	22,200	-	-	-	135,852
Construction in Progress					3,850,203	3,850,203
Totals - Net Fixed Assets	<u>\$ 570,427</u>	<u>\$ 22,267</u>	<u>\$ 4,422</u>	<u>\$ 513,982</u>	<u>\$ 3,850,203</u>	<u>\$ 4,961,301</u>

FIFTH AVENUE COMMITTEE INC.  
SCHEDULE OF SUBSIDIARY EXPENSES  
JUNE 30, 2004  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2003)

SCHEDULE C

	LEAP INC	FAC HDFC	GENERAL PARTNERS	COMMUNITY STAFFING SOLUTIONS	2004 TOTAL	2003 TOTAL
<b>PERSONNEL EXPENSES</b>						
Salaries	\$ 248,821	\$ -	\$ -	\$ 173,567	\$ 422,388	\$ 444,130
Payroll taxes and fringe benefits	<u>46,281</u>			<u>25,565</u>	<u>71,846</u>	<u>83,173</u>
Total salaries and related expenses	295,102	-	-	199,132	494,234	527,303
<b>OTHER THAN PERSONNEL</b>						
Personnel staffing expense				886,443	886,443	645,782
Consultants	88,012	1,499			89,511	103,071
Professional expense	29,868	6,000		6,300	42,168	18,058
Occupancy costs	12,286			21,295	33,581	50,557
Office supplies and printing	16,740	(1,143)		2,385	17,982	33,535
Telephone and postage	4,124			7,224	11,348	9,480
Maintenance & repair		2,038		4,986	7,024	13,423
Equipment expense	11,610				11,610	3,875
Conference travel and training	4,116				4,116	1,609
Liability insurance		16,206		6,779	22,985	16,988
Fundraising expense	37,908				37,908	49,887
Advertising, memberships and contrib.	2,810			12,870	15,680	12,639
Fees and bank charges	3,195			7,885	11,080	10,332
Miscellaneous expense				1,512	1,512	4,224
Management fees		780	2,224		3,004	933
Training expense					-	
Utilities		5,107		2,256	7,363	14,372
Direct training	385,668				385,668	257,595
Development expense						25,000
Other program expenses				21,514	21,514	18,543
Income tax expense			910	680	1,590	1,590
Loss from limited partnership			1,421		1,421	2,471
Debt service		3,641		13,328	16,969	22,035
Depreciation & amortization expense	5,521	7,106		8,502	21,129	22,510
Total other than personnel expenses	<u>601,858</u>	<u>41,234</u>	<u>4,555</u>	<u>1,003,959</u>	<u>1,651,606</u>	<u>1,338,509</u>
<b>GRAND TOTAL</b>	<u><b>\$ 896,960</b></u>	<u><b>\$ 41,234</b></u>	<u><b>\$ 4,555</b></u>	<u><b>\$ 1,203,091</b></u>	<u><b>\$ 2,145,840</b></u>	<u><b>\$ 1,865,812</b></u>

**FIFTH AVENUE COMMITTEE INC. AND SUBSIDIARIES**  
**SCHEDULE OF TEMPORARILY RESRICTED ASSETS**  
**JUNE 30, 2004**

	Temporarily Restricted 6/30/2003	Revenues Received in the Fiscal Year	Released from Restrictions	Temporarily Restricted 6/30/2004
Fifth Avenue Committee				
<b>GOVERNMENT AGENCY</b>				
NYC Dept of Youth Services and Community Development	\$ -	\$ 266,839	\$ 266,839	\$ -
NYS OTDA Supplemental Homelessness Intervention Program		78,563	78,563	-
NYS OTDA Homelessness Intervention Program		55,905	55,905	-
NYS DHCR		65,000	65,000	-
NYS Education Department		109,852	109,852	-
NYC Neighborhood Preservation		48,688	48,688	-
USS HHS/OCS	3,750	8,321	12,071	-
EDGE Program		39,440	39,440	-
Other Agencies		7,000	7,000	-
<b>Total Government Grants</b>	<u>3,750</u>	<u>679,608</u>	<u>683,358</u>	<u>-</u>
<b>FOUNDATIONS</b>				
Annie E. Casey Foundation	50,000		50,000	-
Center for Constitutional Rights		26,015	17,208	8,807
Discount Foundation	20,000	15,000	35,000	-
Inco Project		25,000	13,592	11,408
JEHT Foundation		150,000	102,073	47,927
Jewish Fund for Justice		10,000	10,000	-
Leaders Changing World	12,500	60,694	58,105	15,089
Local Initiative Support Corporation		10,000	10,000	-
New York Community Trust		10,000	10,000	-
NY Foundation	18,350	45,000	52,100	11,250
NY Womens Foundation		30,000	30,000	-
Open Society Institute	25,000	105,619	130,619	-
Open Society Institute Accrued		37,500		37,500
Public Welfare Foundation		80,000	80,000	-
Rockefeller Foundation	18,750	71,240	77,490	12,500
Sirus Fund	100,000		100,000	-
Strategic Neighborhood Initiative		50,000	50,000	-
UU Veatch Program at Shelter Rock	15,000	25,000	40,000	-
Vincent Mulford Foundation	8,333	20,000	28,333	-
				-
<b>Total Foundation</b>	<u>\$ 267,933</u>	<u>\$ 771,068</u>	<u>\$ 894,520</u>	<u>\$ 144,481</u>

**FIFTH AVENUE COMMITTEE INC. AND SUBSIDIARIES**  
**SCHEDULE OF TEMPORARILY RESRICTED ASSETS**  
**JUNE 30, 2004**

	Temporarily Restricted 6/30/2003	Revenues Received in the Fiscal Year	Released from Restrictions	Temporarily Restricted 6/30/2004
<b>Fifth Avenue Committee</b>				
<b>Corporations and Banks</b>				
Citigroup	\$ 37,000	\$ -	\$ 37,000	\$ -
Fannie Mae Foundation		75,000	58,473	16,527
Greenpoint Bank		10,000	10,000	-
Independence Community Foundation	94,935	63,290	5,037	153,188
M&T Bank	3,750	14,000	17,750	-
SEEDCO	4,362		4,362	-
<b>Total Corporation</b>	<u>140,047</u>	<u>162,290</u>	<u>132,622</u>	<u>169,715</u>
<b>Total Fifth Avenue Committee</b>	<u>411,730</u>	<u>1,612,966</u>	<u>1,710,500</u>	<u>314,196</u>
<b>Leap Inc.</b>				
<b>Government Agency</b>				
City University of New York	-	33,500	33,500	-
Obsorne Sub Contract		19,924	19,924	-
New York Technical College		4,680	4,680	-
NYS Dept of Labor		240,199	125,025	115,173
NYS Dept of Education		8,250	8,250	-
Other		5,000	5,000	-
<b>Total Government Grants</b>		<u>311,553</u>	<u>196,379</u>	<u>115,173</u>
<b>Foundations &amp; Corporations</b>				
Achelis Foundation		25,000	25,000	-
Independence Community Foundation		25,000	25,000	-
M&T Bank	2,500		2,500	-
NYC District Council of Carpenters		41,889	41,889	-
Ottinger Foundation	1,875		1,875	-
Prospect Hill Foundation	6,667	20,000	26,667	-
Robin Hood Foundation		300,000	300,000	-
Tiger Foundation		125,000	125,000	-
UU Veetch Program of Shelter Rock	15,000		15,000	-
<b>Total Foundation</b>	<u>26,042</u>	<u>536,889</u>	<u>562,931</u>	<u>-</u>
<b>Total LEAP Inc.</b>	<u>26,042</u>	<u>848,442</u>	<u>759,310</u>	<u>115,173</u>
<b>Consolidated Total</b>	<u>\$ 437,772</u>	<u>\$ 2,461,408</u>	<u>\$ 2,469,810</u>	<u>\$ 429,369</u>