

**Bowery Residents'
Committee, Inc. and
Affiliated Organizations**

Combining Financial Statements
Year Ended June 30, 2006

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Bowery Residents' Committee, Inc. and Affiliated Organizations

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Independent Auditors' Report

To the Board of Directors
Bowery Residents' Committee, Inc.
and Affiliated Organizations

We have audited the accompanying combining statement of financial position of Bowery Residents' Committee, Inc. and Affiliated Organizations as of June 30, 2006, and the related combining statements of activities, functional expenses and cash flows for the year then ended. These combining financial statements are the responsibility of the management of Bowery Residents' Committee, Inc. and Affiliated Organizations. Our responsibility is to express an opinion on these combining 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bowery Residents' Committee, Inc. and Affiliated Organizations' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combining financial statements referred to above present fairly, in all material respects, the financial position of Bowery Residents' Committee, Inc. and Affiliated Organizations as of June 30, 2006, and the changes in their net assets and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Information for the year ended June 30, 2005 is presented for comparative purposes only and was extracted from the combining financial statements of Bowery Residents' Committee, Inc. and Affiliated Organizations for that year, on which we expressed an unqualified opinion, dated November 18, 2005.

BDO Seidman, LLP

October 31, 2006

Bowery Residents' Committee, Inc. and Affiliated Organizations

Combining Statement of Financial Position (with comparative totals for 2005)

June 30,

	2006				2005
	Bowery Residents' Committee, Inc.	Affiliated Organizations	Eliminations	Total	Total
Assets					
Cash and cash equivalents (Note 3)	\$ 542,931	\$ 13,635	\$ -	\$ 556,566	\$ 726,117
Restricted cash (Note 4)	208,988	-	-	208,988	389,264
Investments at fair value (Note 5)	138,654	-	-	138,654	42,187
Investment in limited partnerships (Note 7)	100	500,200	-	500,300	500,300
Accounts receivable (net of allowance for doubtful accounts of \$1,694,106 and \$1,235,779, respectively)	4,616,973	1,010	-	4,617,983	5,030,560
Prepaid expenses and deposits	541,483	-	-	541,483	364,582
Due from limited partnerships (Note 7)	906	9,791	-	10,697	9,791
Due from affiliates	4,177,639	-	(4,177,639)	-	-
Fixed assets, net (Notes 6 and 9)	4,110,741	6,369,337	-	10,480,078	10,027,651
Restricted reserves	-	-	-	-	175,296
	\$14,338,415	\$ 6,893,973	\$(4,177,639)	\$17,054,749	\$17,265,748
Liabilities and Net Assets					
Liabilities:					
Accounts payable and accrued expenses	\$ 2,311,720	\$ 20,329	\$ -	\$ 2,332,049	\$ 3,386,159
Accrued salaries and fringes	1,270,605	-	-	1,270,605	1,387,553
Accrued interest payable	-	321,110	-	321,110	299,922
Deferred revenue (Note 3)	1,651,535	3,490	-	1,655,025	2,119,890
Construction advance in escrow (Note 4)	214,786	-	-	214,786	395,062
Due to limited partnerships (Note 7)	-	-	-	-	185,456
Due to affiliates	-	4,177,639	(4,177,639)	-	-
Line of credit (Note 8)	1,000,000	-	-	1,000,000	-
Loans payable (Note 9)	2,766,106	3,721,014	-	6,487,120	6,498,526
Total liabilities	9,214,752	8,243,582	(4,177,639)	13,280,695	14,272,568
Commitments and contingencies (Notes 9, 10 and 14)					
Net assets:					
Unrestricted	4,868,663	(1,349,609)	-	3,519,054	2,968,001
Temporarily restricted (Note 12)	255,000	-	-	255,000	25,179
Total net assets	5,123,663	(1,349,609)	-	3,774,054	2,993,180
	\$14,338,415	\$ 6,893,973	\$(4,177,639)	\$17,054,749	\$17,265,748

See accompanying notes to combining financial statements.

Bowery Residents' Committee, Inc. and Affiliated Organizations

Combining Statement of Activities (with comparative totals for 2005)

Year ended June 30,

	2006				2005	
	Bowery Residents' Committee, Inc.					
	Unrestricted	Temporarily restricted	Total	Affiliated Organizations unrestricted	Total	Total
Revenues:						
Government and other grants	\$21,260,447	\$ -	\$21,260,447	\$ 22,483	\$21,282,930	\$20,399,061
Medicaid	4,315,723	-	4,315,723	-	4,315,723	3,979,449
Program service fees	3,766,822	-	3,766,822	-	3,766,822	3,124,812
Rental	511,909	-	511,909	259,899	771,808	752,984
Contributions	557,608	397,500	955,108	-	955,108	410,599
Interest and other	219,690	-	219,690	99,413	319,103	617,884
Net assets released from restrictions (Note 11)	167,679	(167,679)	-	-	-	-
Total revenues	30,799,878	229,821	31,029,699	381,795	31,411,494	29,284,789
Expenses:						
Program services:						
Gateway Services	7,715,369	-	7,715,369	-	7,715,369	6,679,886
Transitional Housing	13,158,713	-	13,158,713	-	13,158,713	12,572,365
Permanent Housing	3,415,081	-	3,415,081	-	3,415,081	3,253,109
Day Treatment and Services	2,829,192	-	2,829,192	-	2,829,192	2,860,509
Total program services	27,118,355	-	27,118,355	-	27,118,355	25,365,869
Supporting services:						
Management and general	2,807,329	-	2,807,329	-	2,807,329	2,468,234
Fundraising	132,137	-	132,137	-	132,137	261,038
Total supporting services	2,939,466	-	2,939,466	-	2,939,466	2,729,272
Affiliated Organizations' expenses	-	-	-	572,799	572,799	741,181
Total expenses	30,057,821	-	30,057,821	572,799	30,630,620	28,836,322
Change in net assets	742,057	229,821	971,878	(191,004)	780,874	448,467
Net assets, beginning of year	4,126,606	25,179	4,151,785	(1,158,605)	2,993,180	2,544,713
Net assets, end of year	\$ 4,868,663	\$ 255,000	\$ 5,123,663	\$(1,349,609)	\$ 3,774,054	\$ 2,993,180

See accompanying notes to combining financial statements.

Bowery Residents' Committee, Inc. and Affiliated Organizations

Combining Statement of Functional Expenses (with comparative totals for 2005)

Year ended June 30,

	Bowery Residents' Committee, Inc.										2006	2005				
	Program Services					Supporting Services							Total Bowery Residents' Committee, Inc.	Affiliated Organizations	Total	Total
	Gateway Services	Transitional Housing	Permanent Housing	Day Treatment and Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total	Total						
Expenses:																
Salaries	\$4,176,779	\$ 6,557,020	\$1,608,530	\$1,175,982	\$13,518,311	\$1,538,172	\$ 59,709	\$1,597,881	\$15,116,192	\$ -	\$15,116,192	\$14,522,012				
Employee taxes and fringe benefits	981,167	1,550,412	394,048	270,768	3,196,395	376,837	14,135	390,972	3,587,367	-	3,587,367	3,330,744				
Total salaries and related expenses	5,157,946	8,107,432	2,002,578	1,446,750	16,714,706	1,915,009	73,844	1,988,853	18,703,559	-	18,703,559	17,852,756				
Temporary services	85,921	79,834	17,176	34,791	217,722	37,022	13,810	50,832	268,554	-	268,554	381,098				
Real estate, water and sewer taxes	9,976	26,523	9,709	-	46,208	20,420	-	20,420	66,628	1,351	67,979	69,066				
Rent (Note 10)	698,710	1,615,060	624,555	289,622	3,227,947	169,199	-	169,199	3,397,146	71,881	3,469,027	3,301,732				
Utilities	130,062	419,171	53,343	56,104	658,680	14,815	-	14,815	673,495	-	673,495	503,788				
Communication	77,262	127,658	50,466	27,075	282,461	94,749	-	94,749	377,210	-	377,210	437,639				
Printing and postage	2,871	1,297	379	13	4,560	7,385	9,205	16,590	21,150	-	21,150	18,893				
Insurance	138,400	255,900	95,528	78,022	567,850	-	-	-	567,850	12,035	579,885	567,791				
Professional fees	501,005	282,179	124,832	86,660	994,676	167,716	6,750	174,466	1,169,142	46,486	1,215,628	876,502				
Staff training and recruitment	19,534	28,973	12,618	4,349	65,474	53,855	950	54,805	120,279	-	120,279	134,264				
Dues and subscriptions	6,387	8,770	4,226	3,349	22,732	5,493	-	5,493	28,225	8,391	36,616	29,492				
Office expenses	45,230	57,989	25,379	33,626	162,224	66,163	20,363	86,526	248,750	-	248,750	282,180				
Supplies	122,596	308,641	22,096	54,105	507,438	6,172	254	6,426	513,864	-	513,864	489,925				
Equipment	53,201	13,124	41,825	-	108,150	9,074	-	9,074	117,224	-	117,224	289,154				
Maintenance and repairs	97,938	327,065	66,779	45,766	537,548	17,322	-	17,322	554,870	3,564	558,434	431,376				
Travel	129,205	36,895	14,447	7,466	188,013	14,817	-	14,817	202,830	-	202,830	166,809				
Client related expenses	302,954	1,132,039	166,207	633,040	2,234,240	-	-	-	2,234,240	-	2,234,240	1,977,726				
Interest	87,620	61,183	-	-	148,803	43,353	-	43,353	192,156	21,188	213,344	214,655				
Other	713	115,088	2,362	856	119,019	71,645	6,961	78,606	197,625	4,252	201,877	90,599				
Total expenses before depreciation and amortization	7,667,531	13,004,821	3,334,505	2,801,594	26,808,451	2,714,209	132,137	2,846,346	29,654,797	169,148	29,823,945	28,115,445				
Depreciation and amortization	47,838	153,892	80,576	27,598	309,904	93,120	-	93,120	403,024	403,651	806,675	720,877				
Total expenses	\$7,715,369	\$13,158,713	\$3,415,081	\$2,829,192	\$27,118,355	\$2,807,329	\$132,137	\$2,939,466	\$30,057,821	\$572,799	\$30,630,620	\$28,836,322				

See accompanying notes to combining financial statements.

Bowery Residents' Committee, Inc. and Affiliated Organizations

Combining Statement of Cash Flows (with comparative totals for 2005)

Year ended June 30,

	2006				2005
	Bowery Residents' Committee, Inc.	Affiliated Organizations	Eliminations	Total	Total
Cash flows from operating activities:					
Change in net assets	\$ 971,878	\$ (191,004)	\$ -	\$ 780,874	\$ 448,467
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation and amortization	403,024	403,651	-	806,675	720,877
Unrealized gain on investments	259	-	-	259	(2,339)
Donated investments	(96,726)	-	-	(96,726)	(24,510)
Provision for bad debts	458,328	-	-	458,328	671,976
Decrease (increase) in assets:					
Accounts receivable	(123,610)	77,859	-	(45,751)	(2,093,830)
Prepaid expenses and deposits	(176,901)	-	-	(176,901)	(9,879)
Restricted reserves	-	175,296	-	175,296	65,180
Due from limited partnerships	(906)	-	-	(906)	(9,791)
Due from affiliates	(1,204,673)	-	1,204,673	-	-
Increase (decrease) in liabilities:					
Accounts payable and accrued expenses	(1,069,451)	15,341	-	(1,054,110)	326,481
Accrued salaries and fringes	(116,948)	-	-	(116,948)	(23,403)
Accrued interest payable	-	21,188	-	21,188	21,188
Deferred revenue	(464,855)	(10)	-	(464,865)	541,469
Construction advance in escrow	(180,276)	-	-	(180,276)	(101,085)
Due to limited partnerships	(185,456)	-	-	(185,456)	(315,595)
Due to affiliates	-	1,204,673	(1,204,673)	-	-
Net cash provided by (used in) operating activities	(1,786,313)	1,706,994	-	(79,319)	215,206
Cash flows from investing activities:					
Purchases of fixed assets	(1,015,914)	(243,188)	-	(1,259,102)	(481,228)
Proceeds from sale of investments	-	-	-	-	2,639
Net cash used in investing activities	(1,015,914)	(243,188)	-	(1,259,102)	(478,589)
Cash flows from financing activities:					
Proceeds from line of credit	1,000,000	-	-	1,000,000	-
Proceeds from loan	1,675,000	243,188	-	1,918,188	25,000
Principal payments on loans	(235,428)	(1,694,166)	-	(1,929,594)	(390,232)
Net cash provided by (used in) financing activities	2,439,572	(1,450,978)	-	988,594	(365,232)
Net increase (decrease) in cash and restricted cash	(362,655)	12,828	-	(349,827)	(628,615)
Cash and restricted cash, beginning of year	1,114,574	807	-	1,115,381	1,743,996
Cash and restricted cash, end of year	\$ 751,919	\$ 13,635	\$ -	\$ 765,554	\$1,115,381
Supplemental disclosures of cash flow information:					
Cash paid during the year for interest	\$ 167,156	\$ -	\$ -	\$ 167,156	\$ 194,166

See accompanying notes to combining financial statements.

Bowery Residents' Committee, Inc. and Affiliated Organizations

Notes to Combining Financial Statements

- 1. Principles of Combination**

The combining financial statements include the accounts of Bowery Residents' Committee, Inc. ("BRC") and various Affiliated Organizations which are affiliated through common Board membership and/or common ownership. All material intercompany transactions and balances have been eliminated.

- 2. Nature of Organizations**

BRC and Affiliated Organizations were formed for the purpose of addressing the needs of persons with limited resources in the metropolitan New York City area. This included the homeless, hungry, chemically dependent, psychiatrically disabled, aged and persons with HIV and AIDS. BRC provides a comprehensive array of services including health care, vocational rehabilitation, AIDS services, community education and advocacy. By providing these services, BRC offers its clients the means to function successfully in the society, and seeks to improve the quality of life in our community.

This mission is also serviced by the following related entities:

 - (a) **Pitt Street Housing Development Fund Corporation** ("Pitt") provides housing to formerly homeless people with mental illness.
 - (b) **330 East 4th Street Housing Development Fund Corporation** ("330 E. 4th") permanently houses formerly homeless elderly persons who participate in case management, crisis intervention, nutritional, and recreational services.
 - (c) **Fulton Street Housing Development Fund Corporation** ("Fulton") is a community residence for individuals diagnosed with severe and persistent mental illness.
 - (d) **93 Pitt Street G.P., Inc.** ("Pitt Street G.P.") provides permanent housing for individuals with mental illness or HIV/AIDS.
 - (e) **Palace Renaissance, Inc.** ("Palace") provides space to further BRC's mission.

Bowery Residents' Committee, Inc. and Affiliated Organizations

Notes to Combining Financial Statements

- (f) **BRC AIDS Services Corporation** (“BRC AIDS”) provides healthcare services to persons with HIV/AIDS.
- (g) **139-141 Avenue D G.P., Inc.** (“Avenue D G.P.”) provides permanent housing to persons with HIV/AIDS.
- (h) **Palace Renaissance Housing Development Fund Corporation** (“Palace HDFC”) provides permanent housing.

3. Summary of Significant Accounting Policies

(a) *Basis of Presentation*

The combining financial statements have been prepared on the accrual basis. In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

(b) *Financial Statement Presentation*

The classification of a not-for-profit organization’s net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

- (i) **Permanently Restricted** – Net assets resulting from contributions and other inflows of assets whose use by BRC and Affiliated Organizations is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of BRC and Affiliated Organizations.

Bowery Residents' Committee, Inc. and Affiliated Organizations

Notes to Combining Financial Statements

- (ii) **Temporarily Restricted** – Net assets resulting from contributions and other inflows of assets whose use by BRC and Affiliated Organizations is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of BRC and Affiliated Organizations pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.
- (iii) **Unrestricted** – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

(c) *Cash and Cash Equivalents*

BRC considers all highly liquid instruments purchased with a maturity of three months or less and money market and mutual funds accounts with dollar for dollar values to be cash equivalents.

(d) *Investments*

Investments in equity securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Income from investments, including unrealized gains and losses, are reported in the statement of activities as change in unrestricted net assets unless the use of the income is limited by donor-imposed restrictions.

Bowery Residents' Committee, Inc. and Affiliated Organizations

Notes to Combining Financial Statements

(e) *Contributions*

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(f) *Third-party Reimbursement and Revenue Recognition*

BRC receives substantially all its revenue for services provided to approved clients from third-party reimbursement agencies; primarily the New York State Office of Mental Health, New York City Department of Mental Health, Mental Retardation and Alcoholism Services, United States Department of Housing and Urban Development, and Medicaid. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediary.

(g) *Deferred Revenue*

Revenue from contracts is recognized as earned when contract expenses are incurred to the maximum amount allowed for each contract award. Any revenue for contracts with year-ends ending after that of BRC that has not been earned, is reclassified as deferred revenue on the statement of financial position.

(h) *Provision for Doubtful Accounts*

BRC and Affiliated Organizations provide an allowance for doubtful accounts for accounts and pledges receivable which are specifically identified by management as to their uncertainty in regards to collectibility.

Bowery Residents' Committee, Inc. and Affiliated Organizations

Notes to Combining Financial Statements

(i) *Fixed Assets*

Fixed assets with a purchase price in excess of \$5,000 are capitalized. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	10-40 years
Leasehold improvements	5-20 years
Furniture and equipment	5 years
Vehicles	4 years

(j) *Income Taxes*

BRC, Pitt, 330 E. 4th, Fulton, BRC AIDS and Palace HDFC are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Pitt Street G.P. and Avenue D G.P. are New York corporations subject to Federal income tax and applicable state and local taxes.

Palace is an exempt organization from Federal income tax under Section 501(c)(2) of the Internal Revenue Code.

(k) *Use of Estimates*

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

Bowery Residents' Committee, Inc. and Affiliated Organizations

Notes to Combining Financial Statements

(l) *Functional Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain administrative costs have been allocated among the programs and supporting services based on benefits received.

(m) *Concentration of Credit Risk*

Financial instruments, which potentially subject BRC to significant concentrations of credit risk, consist primarily of cash and cash equivalents and trade accounts receivable. At times, cash and cash equivalents may include deposits at various financial institutions in excess of Federal Deposit Insurance Corporation insured limits.

(n) *Comparative Financial Information*

The financial statements include certain prior year summarized comparative information. With respect to the statement of financial position, statement of activities and statement of cash flows, the prior year amounts are presented on a combining basis rather than by affiliate. With respect to the statement of functional expenses, the prior year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with BRC's financial statements for the year ended June 30, 2005 from which the summarized information was derived.

(o) *Reclassifications*

Certain reclassifications have been made to the 2005 amounts to conform with the 2006 presentation.

Bowery Residents' Committee, Inc. and Affiliated Organizations

Notes to Combining Financial Statements

- 4. Restricted Cash** In January 2002, BRC received \$950,000 from the Office of Mental Health (“OMH”) to fund the costs associated with BRC’s proposed renovations and improvements at certain residential facilities. In order to ensure that the money will be used for its intended purpose, OMH has requested that these funds be held in escrow. All costs associated with the renovations and improvements will be paid directly to the appropriate parties by the escrow agent. During the year ended June 30, 2006, \$180,276 had been drawn from the escrow account for renovations and improvements, leaving a balance of \$208,988 as of June 30, 2006.

- 5. Investments at Fair Value** The cost and respective fair values of investments at June 30, 2006 are as follows:

	Fair value	Cost
Common stocks	\$138,654	\$106,975

The fair value of the investments detailed above is determined by reference to market quotations at June 30, 2006.

- 6. Fixed Assets, Net** Fixed assets, net consist of:

June 30, 2006

	Bowery Residents’ Committee, Inc.	Affiliated Organizations	Total
Land	\$ 2	\$ -	\$ 2
Building and improvements	1,760,091	6,604,928	8,365,019
Leasehold improvements	4,024,421	3,045,156	7,069,577
Furniture and equipment	1,003,512	80,311	1,083,823
Vehicles	89,028	-	89,028
	6,877,054	9,730,395	16,607,449
Less: Accumulated depreciation and amortization	2,766,313	3,361,058	6,127,371
	\$4,110,741	\$6,369,337	\$10,480,078

Bowery Residents' Committee, Inc. and Affiliated Organizations

Notes to Combining Financial Statements

- 7. Affiliates**
- Avenue D G.P. has a .01% interest in 139-141 Avenue D L.P. ("Glass Factory LP"). Glass Factory LP owns and operates low and moderate income housing for single adults with AIDS. BRC currently manages the project. The amount due to Glass Factory LP at June 30, 2006 was \$24,122.
- Pitt Street G.P. has a 1% interest in 93 Pitt Street L.P. The L.P. also operates a low income rental housing project which is also managed by BRC. The amount due from 93 Pitt Street L.P. at June 30, 2006 was \$34,819.
- The affiliates recognized the investment in limited partnerships under the cost method of accounting.
- 8. Line of Credit**
- BRC has a \$2,000,000 unsecured revolving line of credit with a bank. This line of credit is available through December 9, 2008 and bears interest at a rate per annum equal to the sum of LIBOR plus 100 basis points. The total amount outstanding as of June 30, 2006 was \$1,000,000.
- 9. Loans Payable**
- Loans payable consist of the following:
- June 30, 2006*
-
- BRC:*
- (a) Mortgage due to the Dormitory Authority of New York State payable in semi-annual installments of \$57,980 including interest at 6.22%. The mortgage matures December 1, 2017 and is secured by substantially all real and personal property and an assignment of certain receivables. \$ 942,628
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Bowery Residents' Committee, Inc. and Affiliated Organizations

Notes to Combining Financial Statements

June 30, 2006

BRC (continued):

<p>(b) Loan payable due to the Structured Employment Economic Development Corporation, with interest only payments during the first year at 5% and equal blended payments of principal and interest over a four-year period, maturing July 2007. The loan is secured by receivables from various funding sources.</p>	\$ 145,391
<p>(c) Loan payable due to the De Lage Landen Financial Services, Inc. payable in monthly installments of \$2,313 including interest at 4.59% per annum. The loan matures May 24, 2007 and is unsecured.</p>	26,662
<p>(d) Mortgage due to the Low Income Investment Fund, payable in annual installments of \$12,116 including interest at 6.5% per annum. The mortgage matures in April 2014 and is secured by all real and personal property.</p>	1,601,425
<p>(e) Loan payable due to Deutsche Bank Americas Foundation. This loan, for the total amount of \$75,000, will be disbursed in the amount of \$25,000 per year for three years. As of June 30, 2006, BRC has received two disbursements. The loan will not accrue interest (0% loan), but will require repayment in \$25,000 increments, to be paid annually, beginning October 2007.</p>	50,000
<p style="text-align: center;">Total BRC</p>	<p style="text-align: right;">2,766,106</p>

Bowery Residents' Committee, Inc. and Affiliated Organizations

Notes to Combining Financial Statements

June 30, 2006

Affiliated Organizations:

(f) 330 E. 4th

Mortgage payable due the City of New York. A portion of the loan, in the amount of \$659,392, will be self-amortizing over its 30-year term, payable in equal monthly installments of principal and interest at a rate of 1.25% per annum. The remaining \$1,035,654 shall accrue interest at the same rate during years 1 through 25, but will not require any debt service payments during that period, provided there has been no default thereunder through that date. This portion of the loan shall be decreased each year during years 26 through 30 to the extent of 20% of the principal and accrued interest. \$1,695,046

(g) Palace HDFC

Loan payable due the City of New York. The loan will not accrue interest (0% loan) and will not require any debt service payments during years 1 through 25, provided there has been no default thereunder through that date. The loan shall be decreased each year during years 26 through 30 to the extent of 20% of the principal. 2,025,968

Total Affiliated Organizations 3,721,014

Total loans payable \$6,487,120

Bowery Residents' Committee, Inc. and Affiliated Organizations

Notes to Combining Financial Statements

Principal maturities of loans payable as of June 30, 2006 are as follows:

<i>Year ended June 30,</i>	
2007	\$ 239,897
2008	142,183
2009	137,715
2010	120,012
2011	127,678
Thereafter	5,719,635
	<hr/>
	\$6,487,120

10. Lease Commitments

BRC and its Affiliated Organizations lease space for their programs pursuant to noncancellable operating leases expiring through 2038. The following represents the future minimum annual lease payments:

2007	\$ 3,273,152
2008	3,415,881
2009	3,456,292
2010	3,345,076
2011	2,251,294
Thereafter	15,867,701
	<hr/>
	\$31,609,396

Bowery Residents' Committee, Inc. and Affiliated Organizations

Notes to Combining Financial Statements

- 11. Net Assets Released from Restrictions** Temporarily restricted net assets that were released from donor restrictions by incurring expenses satisfying the restricted purpose are as follows:

Affordable housing	\$ 15,375
Horizons Program	60,000
Delancy Street Senior Center	9,804
Housing development	50,000
Volunteer program	12,500
Performance measurement	20,000
	\$167,679

- 12. Temporarily Restricted Net Assets** Temporarily restricted net assets are available for the following purposes at June 30, 2006:

Housing development	\$120,000
Program evaluation	35,000
Time restricted	100,000
	\$255,000

- 13. Pension Benefits** BRC maintains a defined contribution pension plan which covers substantially all of its employees. Under the terms of the plan, BRC matches the contributions of certain employees, as defined in the plan. BRC's pension expense amounted to \$121,516 for the year ended June 30, 2006.

- 14. Contingencies** BRC is a defendant in various legal actions arising out of the normal course of its operations, the final outcome of which cannot presently be determined. BRC management is of the opinion that the ultimate liability, if any, with respect to all of these matters will not have a material adverse effect on BRC's financial position.