



**WEST SIDE FEDERATION FOR SENIOR
AND SUPPORTIVE HOUSING, INC.
AND CERTAIN AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014 and 2013

INDEPENDENT AUDITORS' REPORT

Board of Directors
West Side Federation for Senior and Supportive Housing, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of West Side Federation for Senior and Supportive Housing, Inc. and certain affiliates (the "Organization") which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

The Organization's 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 consolidated financial position of West Side Federation for Senior and Supportive Housing, Inc. and certain affiliates as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



New York, New York
February 9, 2015

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

Consolidated Statements of Financial Position

	June 30,	
	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,596,123	\$ 7,040,546
Grants and government contracts receivable	1,154,859	1,516,403
Receivable from affiliates - current portion	2,346,267	1,440,564
Rents receivable, net	365,844	375,151
Advances receivable from residents, net	55,414	54,350
Tenants' security deposits held	369,965	236,956
Other receivables	271,387	208,093
Prepaid expenses	<u>334,804</u>	<u>292,645</u>
Total current assets	11,494,663	11,164,708
Reserves and escrow	8,649,645	9,289,347
Receivable from affiliates	3,278,115	1,694,608
Notes and loan receivable from affiliates	5,996,226	5,996,226
Security deposits	35,760	38,020
Investment in partnerships	5,093,864	5,064,187
Property and equipment	61,906,899	62,650,314
Deferred costs, net	<u>633,938</u>	<u>486,961</u>
	<u>\$ 97,089,110</u>	<u>\$ 96,384,371</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,579,482	\$ 1,679,669
Due to residents	1,247,476	876,787
Tenants' security deposits held	369,965	236,956
Payable to affiliates		91,047
Rents received in advance	150,778	133,999
Deferred government contracts	43,500	
Long-term debt - current portion	<u>420,624</u>	<u>398,700</u>
Total current liabilities	3,811,825	3,417,158
Long-term debt	45,686,188	46,794,757
Bonds payable	11,112,944	11,429,203
Interest-rate swap obligation	<u>1,521,210</u>	<u>1,694,422</u>
Total liabilities	<u>62,132,167</u>	<u>63,335,540</u>
Commitments and contingencies (Note R)		
Net assets:		
Unrestricted	33,135,239	31,064,439
Temporarily restricted	<u>1,821,704</u>	<u>1,984,392</u>
Total net assets	<u>34,956,943</u>	<u>33,048,831</u>
	<u>\$ 97,089,110</u>	<u>\$ 96,384,371</u>

See notes to consolidated financial statements

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

Consolidated Statements of Activities

	Year Ended June 30, 2014			Year Ended June 30, 2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Contributions and grants	\$ 589,354	\$ 167,047	\$ 756,401	\$ 1,124,303	\$ 185,023	\$ 1,309,326
In-kind contributions	1,000,000		1,000,000	7,961,054	1,817,023	9,778,077
Government contracts	8,582,416		8,582,416	8,227,220		8,227,220
Rental income net of vacancy loss of \$1,094,055 and \$1,094,077 in 2014 and 2013, respectively	11,775,250		11,775,250	9,597,053		9,597,053
Management and other fees	810,121		810,121	1,159,488		1,159,488
Overhead income	12,045		12,045	55,254		55,254
Development fee income	1,930,465		1,930,465			
Income from partnership	908,501		908,501	705,205		705,205
Interest and other income	439,329		439,329	360,079		360,079
Total public support and revenue before net assets released from restrictions	26,047,481	167,047	26,214,528	29,189,656	2,002,046	31,191,702
Net assets released from restrictions	329,735	(329,735)	0	269,639	(269,639)	0
Total public support and revenue	26,377,216	(162,688)	26,214,528	29,459,295	1,732,407	31,191,702
Expenses:						
Program services:						
Social services and residential care	8,086,798		8,086,798	7,640,398		7,640,398
Housing	11,578,940		11,578,940	9,812,866		9,812,866
Total program services	19,665,738		19,665,738	17,453,264		17,453,264
Supporting services:						
Management and general	2,508,418		2,508,418	2,110,009		2,110,009
Fund-raising	65,573		65,573	39,156		39,156
Total supporting services	2,573,991		2,573,991	2,149,165		2,149,165
Total expenses before amortization and depreciation	22,239,729		22,239,729	19,602,429		19,602,429
Change in net assets before amortization, depreciation and interest rate-swap agreement	4,137,487	(162,688)	3,974,799	9,856,866	1,732,407	11,589,273
Amortization and depreciation expense	(2,239,899)		(2,239,899)	(1,848,188)		(1,848,188)
Change in value of interest-rate swap agreement	173,212		173,212	538,266		538,266
Change in net assets	2,070,800	(162,688)	1,908,112	8,546,944	1,732,407	10,279,351
Net assets - beginning of year as restated	31,064,439	1,984,392	33,048,831	22,517,495	251,985	22,769,480
Net assets - end of year	\$ 33,135,239	\$ 1,821,704	\$ 34,956,943	\$ 31,064,439	\$ 1,984,392	\$ 33,048,831

See notes to consolidated financial statements

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2014

(with summarized financial information for June 30, 2013)

	Program Services			Supporting Services			Total Expenses	
	Social and Supportive Services	Housing	Total Program Services	Management and General	Fund-Raising	Total Supporting Services	2014	2013
Salaries and temporary employees	\$ 5,029,118	\$ 4,923,323	\$ 9,952,441	\$ 1,713,390	\$ 47,848	\$ 1,761,238	\$ 11,713,679	\$ 10,655,495
Payroll taxes and employee benefits	<u>1,365,422</u>	<u>1,489,046</u>	<u>2,854,468</u>	<u>437,419</u>	<u>13,292</u>	<u>450,711</u>	<u>3,305,179</u>	<u>2,755,349</u>
Total salaries and related expenses	6,394,540	6,412,369	12,806,909	2,150,809	61,140	2,211,949	15,018,858	13,410,844
Professional fees and contract service payments	322,070	258,167	580,237	160,428		160,428	740,665	626,467
Telephone and telecommunications	65,886	88,357	154,243	30,593	856	31,449	185,692	136,717
Administrative expenses	97,884	184,577	282,461	88,127	1,655	89,782	372,243	336,593
Insurance	106,540	374,611	481,151	23,871	662	24,533	505,684	383,442
Lease expenses	77,822	167,252	245,074				245,074	221,131
Real estate taxes		56,150	56,150				56,150	34,576
Interest and finance charges	1,235	1,038,239	1,039,474	5,454		5,454	1,044,928	958,794
Food	261,729	528,051	789,780	863		863	790,643	812,013
Utilities	285,545	1,112,420	1,397,965				1,397,965	995,412
Supplies	123,213	215,650	338,863	42,591	1,190	43,781	382,644	360,543
Equipment, maintenance and repairs	216,293	849,714	1,066,007	5,402	70	5,472	1,071,479	840,484
Social and recreation expense	134,041	72,300	206,341	280		280	206,621	232,118
Housing project expenses		128,262	128,262				128,262	203,670
Bad debt expense		<u>92,821</u>	<u>92,821</u>				<u>92,821</u>	<u>49,625</u>
Total expenses before amortization and depreciation	8,086,798	11,578,940	19,665,738	2,508,418	65,573	2,573,991	22,239,729	19,602,429
Amortization and depreciation		<u>2,221,961</u>	<u>2,221,961</u>	<u>17,728</u>	<u>210</u>	<u>17,938</u>	<u>2,239,899</u>	<u>1,848,188</u>
	<u>\$ 8,086,798</u>	<u>\$ 13,800,901</u>	<u>\$ 21,887,699</u>	<u>\$ 2,526,146</u>	<u>\$ 65,783</u>	<u>\$ 2,591,929</u>	<u>\$ 24,479,628</u>	<u>\$ 21,450,617</u>

See notes to consolidated financial statements

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

**Consolidated Statement of Functional Expenses
Year Ended June 30, 2013**

	Program Services			Supporting Services			Total Expenses
	Social and Supportive Services	Housing	Total Program Services	Management and General	Fund-Raising	Total Supporting Services	
Salaries and temporary employees	\$ 4,999,466	\$ 4,176,848	\$ 9,176,314	\$ 1,447,615	\$ 31,566	\$ 1,479,181	\$ 10,655,495
Payroll taxes and employee benefits	<u>1,267,847</u>	<u>1,177,824</u>	<u>2,445,671</u>	<u>304,913</u>	<u>4,765</u>	<u>309,678</u>	<u>2,755,349</u>
Total salaries and related expenses	6,267,313	5,354,672	11,621,985	1,752,528	36,331	1,788,859	13,410,844
Professional fees and contract service payments	180,531	247,575	428,106	198,361	0	198,361	626,467
Telephone and telecommunications	49,551	70,196	119,747	16,607	363	16,970	136,717
Administrative expenses	79,728	174,431	254,159	81,177	1,257	82,434	336,593
Insurance	97,343	263,153	360,496	22,464	482	22,946	383,442
Lease expenses	85,050	136,081	221,131				221,131
Real estate taxes		34,576	34,576				34,576
Interest and finance charges	634	953,279	953,913	4,881		4,881	958,794
Food	331,916	479,347	811,263	750		750	812,013
Utilities	238,652	756,760	995,412				995,412
Supplies	125,003	203,720	328,723	31,139	681	31,820	360,543
Equipment, maintenance and repairs	117,734	720,606	838,340	2,102	42	2,144	840,484
Social and recreation expense	66,943	165,175	232,118				232,118
Housing project expenses		203,670	203,670				203,670
Bad debt expense		<u>49,625</u>	<u>49,625</u>				<u>49,625</u>
Total expenses before amortization and depreciation	7,640,398	9,812,866	17,453,264	2,110,009	39,156	2,149,165	19,602,429
Amortization and depreciation		<u>1,825,457</u>	<u>1,825,457</u>	<u>22,455</u>	<u>276</u>	<u>22,731</u>	<u>1,848,188</u>
	<u>\$ 7,640,398</u>	<u>\$ 11,638,323</u>	<u>\$ 19,278,721</u>	<u>\$ 2,132,464</u>	<u>\$ 39,432</u>	<u>\$ 2,171,896</u>	<u>\$ 21,450,617</u>

See notes to consolidated financial statements

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

Consolidated Statements of Cash Flows

	<u>Year Ended June 30,</u>	
	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,908,112	\$ 10,279,351
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
In-kind contribution	(1,000,000)	(9,778,077)
Depreciation and amortization	2,239,899	1,848,188
Gain on interest-rate swap agreement	(173,212)	(538,266)
Bad debt	92,821	49,625
Change in reserve for bad debt	(39,697)	16,976
Changes in:		
Grants and government contracts receivable	361,544	(851,866)
Receivable from affiliates	(2,489,210)	393,996
Rents receivable	(43,817)	(249,964)
Advances receivable from residents	(1,064)	5,508
Other receivables	(63,294)	(23,526)
Prepaid expenses	(42,159)	260,791
Accounts payable and accrued expenses	(100,187)	87,752
Due to residents	370,689	22,415
Payable to affiliates	(91,047)	29,425
Deferred government contracts	43,500	(31,519)
Rents received in advance	<u>16,779</u>	<u>25,488</u>
Net cash provided by operating activities	<u>989,657</u>	<u>1,546,297</u>
Cash flows from investing activities:		
Purchases of property and equipment	(1,445,158)	(2,657,316)
Investment in partnership and housing company	(29,677)	165,469
Changes in reserves and escrow	639,702	3,082,343
Security deposit paid	<u>2,260</u>	<u>(26,925)</u>
Net cash (used in) provided by investing activities	<u>(832,873)</u>	<u>563,571</u>
Cash flows from financing activities:		
Proceeds from issuance of notes payable		50,000
Principal payments on mortgage loan payable	(77,904)	(72,638)
Deferred capitalized leasing costs	(198,303)	
Principal payments on notes payable	(25,000)	(25,000)
Principal payments on bonds payable	<u>(300,000)</u>	<u>(300,000)</u>
Net cash used in financing activities	<u>(601,207)</u>	<u>(347,638)</u>
Net change in cash and cash equivalents	(444,423)	1,762,230
Cash and cash equivalents - beginning of year	<u>7,040,546</u>	<u>5,278,316</u>
Cash and cash equivalents - end of year	<u>\$ 6,596,123</u>	<u>\$ 7,040,546</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 900,876	\$ 918,795

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

Notes to Consolidated Financial Statements June 30, 2014 and 2013

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

West Side Federation for Senior and Supportive Housing, Inc. ("WSFSSH") is a not-for-profit housing development corporation committed to developing and managing housing for low-income, elderly, disabled and homeless persons and providing them with supportive services. WSFSSH, incorporated in 1977 in the State of New York, is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws. As described in the accompanying notes, WSFSSH is affiliated with, and has transactions with, a number of entities. The financial position, changes in net assets, and cash flows of certain of those entities are required to be consolidated with those of WSFSSH, in accordance with accounting principles generally accepted in the United States of America, while others are not. Accordingly, the accompanying consolidated financial statements include the financial statements of WSFSSH and the following entities (together, the "Organization"):

Marseilles LLC ("Marseilles") is organized as a limited liability company to acquire and operate real property. WSFSSH is the sole member of Marseilles.

WSFSSH and West Side Special Housing Development Fund Corporation ("West Side Special") share common members of their respective boards of directors. In addition, WSFSSH has use-agreements with West Side Special for several real estate properties owned and reflected on the books of West Side Special, including West 74th Street Residence, 129th Street Residence, Valley Lodge Transitional Shelter, Revella, One Twenties Cluster and 459 West 147th Street. WSFSSH uses these properties for its housing programs.

West Side Special has a 99% limited-partnership interest in One Forty Nine Housing Company. This interest, which was previously held by National Equity Fund 1987 Partnership ("NEF"), was transferred to West Side Special at no cost under an agreement dated September 2003. The general partner of One Forty Nine Housing Company is Federation Housing Support Services, Inc. ("FHSS"), an affiliated entity.

The Westbourne Housing Development Fund Company, Inc. ("Westbourne") is a not-for-profit housing development corporation, whose board of directors is appointed by the board of directors of WSFSSH. Westbourne owns and operates property located at 930 West End Avenue, New York consisting of one building containing 128 residential units and three commercial units. WSFSSH provides building management and social services to Westbourne.

East One Thirty Eighth Housing Development Fund Company, Inc. ("East 138 HDFC") is a not-for-profit housing development corporation, whose board of directors is appointed by the board of directors of WSFSSH, the sole member of East 138 HDFC. East 138 HDFC provides social and other supportive services to Borinquen Court Associates LP, which owns and operates a property for elderly and handicapped persons of low income located at 285 East 138th Street, Bronx, New York, consisting of one building containing 145 residential units. Borinquen Court Associates, LP is an affiliate of WSFSSH.

One Forty Nine Housing Company ("149 Housing") is a limited partnership that was formed under the laws of the State of New York on October 15, 1985 to acquire, construct, rehabilitate, operate and manage low-income housing properties. 149 Housing operates one building containing 73 residential units located at 149 Manhattan Avenue, New York, New York. The general partner of 149 Housing, Federation Housing Support Service, Inc., a not-for-profit corporation whose board of directors is appointed by the board of WSFSSH, has a 1% ownership interest, and the limited partner, West Side Special, has a 99% ownership interest. WSFSSH provides building management and social services to 149 Housing.

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

Notes to Consolidated Financial Statements June 30, 2014 and 2013

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[1] Organization: (continued)

Borinquen Court Housing Company, Inc. ("BCHC") is a for-profit housing development corporation, formed in the State of New York on August 5, 2010. WSFSSH owns 100% of the Corporation's stock. The Corporation is a general partner, with a .01% interest, in the partnership of Borinquen Court Associates, LP, which owns and operates property located at 285 East 138th Street, Bronx, New York.

Euclid Hall Housing Development Fund Company, Inc. ("Euclid Hall HDFC") is a not-for-profit housing development corporation, exempt under Section 501(c)(3), whose board of directors is appointed by the board of directors of WSFSSH. As of May 2013 Euclid Hall HDFC owns and operates property located at 2345 Broadway, New York, New York previously owned by a limited partnership, Euclid Hall Associates, L.P. ("Euclid Hall LP"). Euclid Hall LP was comprised of two partners: a 99% limited partner, the National Equity Fund, and a 1% general partner, 2345 Housing Company, Inc., which was an affiliate of WSFSSH. On May 9, 2013, the partners of Euclid Hall LP contributed their partnership interest to Euclid Hall HDFC. By operation of law, after the transfer occurred, Euclid Hall LP was dissolved (as described in Note C[3]). WSFSSH provides building management and social services to Euclid Hall HDFC.

WSA Housing Development Fund Company, Inc. ("WSA") is a not-for-profit housing development corporation, exempt under Section 501 (c)(3), whose board of directors is appointed by the board of directors of WSFSSH. WSA developed and operated a housing project for elderly and handicapped persons of low income, consisting of one building containing 29 residential units located at 140W 105th Street, New York, New York which opened in 1988. On June 29, 2006, WSA sold the property to One Hundred Forty Associates, LP, which continues to operate the project for elderly and handicapped persons of low income. One Hundred Forty Associates, LP is an affiliate of WSFSSH.

All intercompany accounts and transactions have been eliminated in consolidation.

[2] Basis of accounting:

The accompanying consolidated financial statements of the Organization have been prepared using the accrual basis of accounting and conform to generally accepted accounting principles, as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

[4] Functional allocation of expenses:

The cost of providing the various programs and supporting services has been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by the Organization's management.

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

Notes to Consolidated Financial Statements June 30, 2014 and 2013

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Cash and cash equivalents:

For financial-reporting purposes, the Organization considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash also includes amounts which are held by the Organization for its tenants. Restricted cash for fiscal years ended 2014 and 2013 was \$1,247,476 and \$876,787, respectively. This is included in due to residents.

[6] Property and equipment:

Property and equipment are reported at their original costs or their fair values on the dates of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, which range from 5 to 31.5 years. Building and leasehold improvements are capitalized and amortized using the straight-line method over the remaining lease term or the useful lives of the improvement, whichever is shorter. Land is not depreciated.

[7] Accrued vacation:

Based on their tenure and an annual carryover provision, the Organization's employees are entitled to be paid for unused vacation time if they leave the Organization's employ. Accordingly, at each year-end, the Organization must recognize a liability for the amount that would be incurred if employees with such unused vacation were to leave. At June 30, 2014 and 2013, this accrued vacation was approximately \$100,600 and \$67,000, respectively.

[8] Net assets:

The Organization's net assets and changes therein are classified and reported as follows:

(a) Unrestricted:

Unrestricted net assets represent those resources that have no donor restrictions as to their use.

(b) Temporarily restricted:

Temporarily restricted net assets represent those resources the use of which has been restricted by donors to specific purposes or the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor or the occurrence of other events. Temporarily restricted contributions and grants, the requirements of which are met in the year of donation, are reported as unrestricted.

[9] Contributions and government grants contracts:

Contributions to support the Organization's operations are recognized as unrestricted. Contributions which support future operations or donor-restricted purposes are reflected as temporarily restricted contributions in the accompanying consolidated financial statements. All contributions are recognized at their fair values at the dates received. Revenues from government contracts and grants are recognized when costs are incurred or services have been performed. Contracts and grants received in advance are recorded as advances from governmental agencies, and revenue is deferred until the related expenses are incurred.

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

Notes to Consolidated Financial Statements June 30, 2014 and 2013

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Fees and rental revenue:

Fees and rental revenue are recognized based upon services rendered in accordance with contractual provisions. Rental income relating to the current year is recognized as revenue in the current year. The recognition of revenue related to rents received in advance is deferred until the following year.

[11] Funds held on behalf of residents:

Funds held on behalf of residents represent cash held by the Organization which is used to pay living expenses on their behalf.

[12] Deferred leasing and financing costs:

Costs incurred in connection with leasing equipments are capitalized and amortized using the straight-line method for a period of time ranging from 5 to 10 years. In addition aggregate costs related to the issuance of the New York City Multi-Family Mortgage Revenue Bonds are being amortized using the straight-line method over the terms of the bonds (see Note L).

[13] Income tax:

The Organization follows the provisions of the financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 740, "Income Taxes," relating to accounting and reporting for uncertainty in income taxes. Because of the Organization's general tax-exempt status, the adoption of ASC Topic 740 has not had, and is not expected to have, a material impact on the Organization's consolidated financial statements.

[14] Impairment of long-lived assets:

In accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 360-10-05 relating to accounting for the impairment or disposal of long-lived assets, the Organization reviews its rental property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No asset impairment loss has been recognized in 2014 and 2013.

[15] Fair-value measurement:

The Organization reports a fair-value measurement of all applicable financial assets and liabilities including grants and other receivables, short-term payables and long-term debt.

[16] Derivatives:

A derivative financial instrument consisting of an interest-rate swap contract is measured at fair value. The fair value of an interest-rate swap agreement is the estimated amount that an entity would receive or pay to terminate the swap agreement at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The Organization reports the fair value of interest-rate swaps in either other assets or other liabilities, as appropriate, in the accompanying consolidated statements of financial position and the corresponding changes in the fair value of these swaps are reported as change in value of interest-rate swap agreement in the accompanying consolidated statements of activities.

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

Notes to Consolidated Financial Statements June 30, 2014 and 2013

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[17] Subsequent events:

The Organization considers the accounting treatments, and the related disclosures in the current fiscal-year's consolidated financial statements, that may be required as the result of all events or transactions that occur after the fiscal year-end through February 9, 2015 the date that the financial statements are available to be issued.

[18] Restatement of net assets:

Effective July 1, 2012, the Organization restated its net assets to include the activities of WSA, a not-for-profit housing development corporation, whose board is appointed by the board of directors of WSFSSH. As a result, the unrestricted net assets at July 1, 2012 increased by approximately \$1,558,000 and the change in net assets for fiscal 2013 increased by approximately \$82,000. In addition, certain amounts included in the fiscal-year 2013 consolidated financial statements have been reclassified to conform to the fiscal-year 2014 presentation.

NOTE B - GRANTS AND GOVERNMENT CONTRACTS RECEIVABLE

At each fiscal year-end, amounts due to the Organization from governmental agencies, net of advances, in support of client services and under the terms of agreements signed with various federal, state and city agencies, were as follows:

	June 30,	
	2014	2013
Federal	\$ 278,110	\$ 303,591
New York State	138,995	221,498
New York City	737,754	991,314
	<u>\$ 1,154,859</u>	<u>\$ 1,516,403</u>

Based on prior history, management considers these receivables to be fully collectible; accordingly, no allowance for doubtful amounts has been established.

NOTE C - RELATED-PARTY TRANSACTIONS

[1] Property management:

The following not-for-profit corporations share common members of their respective boards of directors with the Organization. The Organization provides centralized accounting, property management and/or social services functions to these corporations, although the criteria for consolidation are not present.

- 1) K & L Housing Development Fund Company, Inc.
- 2) Frederic Fleming Housing Development Fund Corporation

In addition, the following organizations, which are affiliated with the Organization, serve as general partners in certain limited partnerships related to buildings sponsored by the Organization. The Organization performs centralized accounting, property management and/or social services functions for these limited partnerships, for which the criteria for consolidation is either not present or would have a de-minimis impact on WSFSSH's financial statements.

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

Notes to Consolidated Financial Statements June 30, 2014 and 2013

NOTE C - RELATED-PARTY TRANSACTIONS (CONTINUED)

[1] Property management: (continued)

- 1) PSS/WSF Housing Development Fund Company, Inc., general partner for:
PSS/WSF Housing Company, LP
- 2) Federation Housing Support Services, Inc., general partner for:
Manhattan West Associates, LP
- 3) Ben Michalski Housing Development Fund Company, Inc., general partner for:
Two Hundred Six Associates, LP
- 4) One Hundred Forty Housing Company, Inc., general partner for:
One Hundred Forty Associates, LP
- 5) Claremont Park Housing Company, Inc., general partner for:
Claremont Park Associates, LP
- 6) West Eighties Housing Company, Inc., general partner for:
West Eighties Associates, LP

Management and social-service and consulting fees for each of the fiscal-years 2014 and 2013 were \$810,121 and \$1,159,487, respectively.

[2] Development fee agreement:

In December 2008, the Organization entered into a development fee agreement with Claremont Park Associates, LP with respect to the construction of a 115-unit development located at 1421 College Avenue, Bronx, New York. Under the agreement, WSFSSH provided certain development services including selection and supervision of the architect and engineer for the project, assisting and advising in the preparation of the development budget and pro forma cash flow projections, and coordinating with the construction contractor. The agreement called for a total development fee of \$2,572,500, of which \$1,875,626 is outstanding as of June 30, 2014, which is included in the amount receivable from Claremont Park Associates, LP (see Note D). The project's construction was completed and the project received a certificate of occupancy in October 2010.

In June 2012, the Organization entered into a development fee agreement with Borinquen Court Associates, LP with respect to the rehabilitation of a 145-unit residential property located at 285 East 138th Street, Bronx, New York (the "Project"). Under the agreement, WSFSSH provided certain development services including preparing a business plan for the development and operation of the Project, procuring all required construction and rehabilitation financing, performing selection and supervision of the architect and engineer for the Project, and assisting the Project to be rehabilitated in accordance with approved construction schedule. The agreement called for a total development fee of \$2,430,465, of which \$1,930,465 was reflected as income in the current year and is outstanding as of June 30, 2014, and is included in the amount receivable from Borinquen Court Associates, LP (see Note D). The rehabilitation project is anticipated to be completed in August 2014.

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

Notes to Consolidated Financial Statements June 30, 2014 and 2013

NOTE C - RELATED-PARTY TRANSACTIONS (CONTINUED)

[3] Dissolution of Euclid Hall Associates, L.P. and in-kind contribution in fiscal-year 2013:

As disclosed in Note A[1], on May 9, 2013, the partners of Euclid Hall LP contributed their partnership interest to Euclid Hall HDFC. Euclid Hall HDFC assumed the net assets of Euclid Hall, LP including the land and building, restricted deposits and reserves, accounts payable, mortgage payable and operating cash of approximately \$511,000. The fair value of the assets received from Euclid Hall LP exceeded the liabilities by approximately \$7.9 million, excluding the cash, and was reported as an in-kind contribution in the consolidated statement of activities for fiscal-year 2013. Subsequently, excess reserve funds of approximately \$1.9 million (which were included in the net assets received above), were paid to the sponsor, WSFSSH, upon approval from NYC Department of Housing Preservation and Development ("HPD").

In furtherance with the dissolution of Euclid Hall LP, HPD approved the transfer of a sinking fund reserve account associated with the original mortgage on the property, in the amount of approximately \$1.8 million, to the Community Preservation Corporation ("CPC"), an unrelated not-for-profit entity, to be held on behalf of WSFSSH. Concurrent with the transfer, WSFSSH entered into a reserve and servicing agreement with CPC and HPD whereby CPC will hold and administer funds on behalf of WSFSSH. The funds are available to WSFSSH to develop new affordable and supportive housing units and to preserve existing WSFSSH-sponsored affordable housing units upon HPD approval. The transfer of the reserve account was recorded as a restricted in-kind contribution in the consolidated statement of activities for fiscal-year 2013. During fiscal-year 2014, \$130,544 was withdrawn from the reserve upon HPD's approval. The balance of the sinking fund development reserve at June 30, 2014 and 2013 was \$1,687,319 and \$1,817,023, respectively.

NOTE D - AFFILIATE RECEIVABLES/PAYABLES

As described in Note A[1], the Organization is affiliated with various entities, the financial statements of which have not been included in the accompanying consolidated financial statements. At each fiscal year-end, amounts due to and from these affiliates were as follows:

Receivables	June 30,	
	2014	2013
Claremont Park Associates, LP	\$ 1,954,782	\$ 1,974,658
Two Hundred Six Associates, LP	284,223	240,507
PSS/WSF Housing Company, LP	188,318	149,533
Borinquen Court Associates, LP	2,449,947	135,885
K & L HDFC, Inc.	123,080	117,770
Manhattan West Associates, LP	44,639	35,963
One Hundred Forty Associates, LP	520,914	452,707
West Eighties Associates, LP	58,479	28,149
Total receivables	5,624,382	3,135,172
Less: current portion	2,346,267	1,440,564
	<u>\$ 3,278,115</u>	<u>\$ 1,694,608</u>

At June 30, 2014, WSFSSH has no liabilities to affiliates while at June 30, 2013, WSFSSH owed \$91,047 to affiliates.

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

Notes to Consolidated Financial Statements June 30, 2014 and 2013

NOTE E - NOTES AND LOAN RECEIVABLE FROM AFFILIATES

At each fiscal year-end, notes and loan receivable from affiliates consist of the following:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
K & L HDFC, Inc. (a)	\$ 259,159	\$ 259,159
PSS/WSF Housing Company, LP (b)	72,962	72,962
Borinquen Court Associations, LP (c)	4,442,105	4,442,105
One Hundred Forty Associates, LP (d)	<u>1,222,000</u>	<u>1,222,000</u>
	<u>\$ 5,996,226</u>	<u>\$ 5,996,226</u>

- (a) Residual receipts note receivable, bearing interest at 1% per annum, due and payable on December 31, 2052. Prepayment of principal and interest on this note may be made from surplus cash with prior approval of HUD.
- (b) Loan receivable, bearing interest of 4.63% per annum due and payable on August 28, 2043.
- (c) Purchase money note receivable bearing interest at the rate of 2.89% per annum, compounded quarterly. Interest payments of \$128,377 are due and payable commencing January 1, 2014 and are payable from available cash flow. To the extent that cash flow is not sufficient to cover the quarterly payments any shortfall will be deferred and accrued. All remaining principal and accrued interest is due and payable on January 1, 2044. At June 30, 2014 and 2013, the fair value of the note receivable approximates the present value of the projected future cash flows, discounted at a rate of 2.89%. The interest accrued on the note receivable is \$ 202,275 and \$135,885 as of June 30, 2014 and 2013.
- (d) Seller note receivable bearing interest at the rate of 5.32% (compounded quarterly). The term is 30 years from the date of June 29, 2006. Payment of interest and principal of \$81,612 is due and payable commencing on June 29, 2007 and on each anniversary of the date if cash flow permitting. The interest accrued on the seller note receivable is \$508,018 and \$418,723 as of June 30, 2014 and 2013, respectively. The loan receivable, bearing interest of 4.63% per annum is due and payable on August 28, 2043.

NOTE F - RENTS RECEIVABLE

At June 30, 2014 and 2013, net rents receivable consist of balances due to the Organization from tenants and government subsidies. All amounts are due within one year. Based on management's past experience, approximately \$141,000 and \$180,000 have been reserved for an allowance for uncollectible accounts for fiscal-years 2014 and 2013, respectively.

NOTE G - ADVANCES RECEIVABLE FROM RESIDENTS

At June 30, 2014 and 2013, advances receivable from residents consist of balances due to the Organization from residents. All amounts are due within one year. Based on management's past experience, approximately \$18,000 has been reserved for an allowance for uncollectible accounts for doubtful collections in both fiscal-years 2014 and 2013, respectively.

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

Notes to Consolidated Financial Statements June 30, 2014 and 2013

NOTE H - INVESTMENT IN PARTNERSHIPS

In 2002, WSFSSH acquired a 45% limited-partnership interest in Manhattan West Associates LP, a New York limited partnership. The investment in the partnership is accounted for using the equity method of accounting. The value of the investment in this partnership as of June 30, 2014 and 2013 was \$3,952,317 and \$3,922,640, respectively. In fiscal-years 2014 and 2013, WSFSSH recognized \$908,501 and \$705,205, respectively, of partnership income, net of an amortization charge for the excess of cost over the underlying equity. WSFSSH received a distribution of \$848,286 and \$878,823 from the partnership in fiscal-years 2014 and 2013, respectively.

On June 13, 2012, BCHC made an investment in Borinquen Court Associates, LP in exchange for a .01% general partnership. The investment in the partnership is accounted for using the equity method of accounting because of WSFSSH's ability to exercise influence over the partnership through BCHC, as general partner, but the investment in the partnership is not consolidated since the limited partners have substantive participating rights. The value of the investment in this partnership at June 30, 2014 and 2013 was \$1,141,547.

NOTE I - FAIR VALUE MEASUREMENT

The FASB's ASC Topic 820, "Fair Value Measurements and Disclosures," establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1 Valuations are based on observable inputs that reflect quoted market prices in active markets for those investments, or similar investments, at the reporting date.
- Level 2 Valuations are based on (i) quoted prices for those investments, or similar investments, in active markets, or (ii) quoted prices for those investments, or similar investments, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include those investments that are redeemable at or near the balance sheet date and for which a model was derived for valuation.
- Level 3 Fair value is determined based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the asset or liability, or (ii) the underlying investments of which cannot be independently valued, or (iii) the investments cannot be immediately redeemed at or near the fiscal year-end.

The Organization's assets classified as Level 2 consist of an interest-rate swap contract, which has been adjusted to its fair value using current interest rates and estimates as explained in Note A[14]. The purchase money note receivable recorded during fiscal 2012, which is reported at its estimated fair value using discounted cash flow, is determined to be Level 3. The classification of assets in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each of the assets.

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

**Notes to Consolidated Financial Statements
June 30, 2014 and 2013**

NOTE I - FAIR VALUE MEASUREMENT (CONTINUED)

The following table summarizes the fair values of the Organization's interest-rate swap and purchase money note receivable at each fiscal year-end, in accordance with the ASC Topic 820-10-05 valuation levels:

	June 30, 2014		
	Level 2	Level 3	Total
Purchase money note receivable - Borinquen Court Project		\$ 4,442,105	\$ 4,442,105
Purchase money note receivable - Fania Gersham Project		1,222,000	1,222,000
Interest-rate swap	<u>\$ (1,521,210)</u>	_____	<u>(1,521,210)</u>
	<u>\$ (1,521,210)</u>	<u>\$ 5,664,105</u>	<u>\$ 4,142,895</u>
	June 30, 2013		
	Level 2	Level 3	Total
Purchase money note receivable - Borinquen Court Project		\$ 4,442,105	\$ 4,442,105
Purchase money note receivable - Fania Gersham Project		1,222,000	1,222,000
Interest-rate swap	<u>\$ (1,694,422)</u>	_____	<u>(1,694,422)</u>
	<u>\$ (1,694,422)</u>	<u>\$ 5,664,105</u>	<u>\$ 3,969,683</u>

No changes were reported in the fair value of the Organization's Level 3 assets. There were no transfers between Levels 2 or 3 in fiscal-years 2014 and 2013.

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

**Notes to Consolidated Financial Statements
June 30, 2014 and 2013**

NOTE J - RESERVES AND ESCROW

In accordance with the provisions of the Organization's regulatory agreements, reserves and escrow are used for the replacement of property and equipment and repayment of bonds. With the exception of the One Forty Nine Housing - Owner Reserve, the use of these funds requires prior approval from the applicable regulatory agency.

At each fiscal year-end, reserves and escrow consisted of the following:

	June 30,	
	2014	2013
WSFSSH - Reserve for Fania Gersham Apts	\$ 92,720	\$ 92,620
459 W. 147th Street - Water and Sewer Escrow	5,683	5,940
459 W. 147th Street - Replacement Reserve	16,846	14,530
Revella - Replacement Reserve	129,638	111,158
Revella - Social Service Reserve	106,576	106,490
Marseilles - Principal Reserve Fund	54,542	59,164
Marseilles - Replacement Reserve	201,932	725,257
One Forty Nine Housing - Replacement Reserve	209,544	187,220
One Forty Nine Housing - Owner Reserve	208,403	172,212
Westbourne - Operating Reserve	929,667	917,343
Westbourne - Replacement Reserve	117,859	234,225
Euclid - Operating Reserve	1,227,841	1,209,451
Euclid - Replacement Reserve	3,289,169	3,279,811
WSFSSH Development Fund Reserve	1,687,319	1,817,023
One Twenties Clusters - Replacement Reserve	306,738	291,805
One Twenties Clusters - Social Service Reserve	65,168	65,098
	<u>\$ 8,649,645</u>	<u>\$ 9,289,347</u>

NOTE K - PROPERTY AND EQUIPMENT

At each fiscal year-end, property and equipment consisted of the following:

	June 30,	
	2014	2013
Land	\$ 18,809,520	\$ 18,809,520
Buildings and leasehold improvements	59,680,227	58,774,555
Equipment	2,163,434	1,849,889
Furniture	1,162,073	936,132
	81,815,254	80,370,096
Less accumulated depreciation	<u>19,908,355</u>	<u>17,719,782</u>
	<u>\$ 61,906,899</u>	<u>\$ 62,650,314</u>

For fiscal-years 2014 and 2013, depreciation expense was \$2,188,573 and \$1,805,603, respectively.

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

**Notes to Consolidated Financial Statements
June 30, 2014 and 2013**

NOTE L - DEFERRED COSTS

At each fiscal year-end, deferred financing costs related to Marseilles and East 138 HDFC consisted of the following:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Deferred leasing and financing costs	\$ 1,067,666	\$ 869,363
Less accumulated amortization	(433,728)	(382,402)
	<u>\$ 633,938</u>	<u>\$ 486,961</u>

Amortization expense was \$51,326 and \$42,585 for fiscal-years 2014 and 2013, respectively. During fiscal-year 2013, the Organization wrote off fully amortized deferred financing costs of approximately \$192,000.

NOTE M - BONDS PAYABLE - NEW YORK CITY MULTI-FAMILY MORTGAGE REVENUE BONDS

The New York City Housing Development Corporation ("HDC") issued \$13,625,000 in tax-exempt, multi-family mortgage revenue bonds (2004 Series A) on behalf of Marseilles. The bonds have a term of 30 years. Under an interest-rate-swap arrangement with Citigroup, the bonds carry an interest rate of 4.06%. The swap interest rate will be renegotiated at the end of December 15, 2019. Citigroup is also providing credit enhancement for the bonds through a letter of credit. Including the letter of credit fee charged by Citigroup, as well as other servicing fees, the overall effective rate of the bonds is approximately 5.36% for the first fifteen years. Under the terms of the arrangement with HDC and Citigroup, Marseilles must make certain monthly principal payments into a principal reserve fund which is held in trust for the bondholders at Deutsche Bank, the trustee. Furthermore, to the extent that at least \$100,000 has accumulated in the principal reserve fund, on each February 1, May 1, August 1 and November 1, all amounts in the principal reserve fund, rounded down to the nearest multiple of \$100,000, are transferred by the trustee into a redemption account where the monies are used on the first day of the next succeeding March, June, September and December to redeem the bonds. At both June 30, 2014 and 2013, cash and cash equivalents of \$54,969 and \$59,164, respectively, were restricted for debt service. The bond balance at June 30, 2014 and 2013 was \$11,425,000 and \$11,725,000, respectively.

Minimum annual future payments under the loan agreements, for years subsequent to June 30, 2014, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 312,056
2016	329,198
2017	347,282
2018	366,362
2019	386,488
Thereafter	<u>9,683,614</u>
	<u>\$ 11,425,000</u>

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

**Notes to Consolidated Financial Statements
June 30, 2014 and 2013**

NOTE N - LONG-TERM DEBT

	June 30,	
	2014	2013
Mortgage loan payable, bearing interest at 1%, secured by a general assignment of leases and rents to HPD on the building located at 300 Amsterdam Avenue, New York City, due in December 2021 (a).	\$ 3,107,778	\$ 3,107,778
Mortgage loan payable, bearing interest at 1%, secured by a mortgage encumbering on the property located at 109 West 129 th Street, New York City, due in April 2032 (a).	1,405,991	1,405,991
Mortgage loan payable, bearing interest at 1%, secured by a mortgage encumbering the property and improvements located at 307 West 116th Street, New York City, due in June 2033 (a).	1,712,585	1,712,585
Mortgage loan payable, bearing no interest, secured by a mortgage encumbering the property and improvements located at 930 West End Avenue, New York City, due in November 2024.	4,665,028	4,665,028
Mortgage loan payable, bearing no interest, secured by a mortgage encumbering the property and improvements located at 149 Manhattan Avenue, New York City, due in April 2034.	2,441,330	2,441,330
Mortgage loan payable, bearing interest at .50% per annum, secured by a mortgage encumbering the property and improvements located at 2345 Broadway, New York City, due in December 1, 2042. The terms provided if the Organization was not in default on the mortgage as of September 30, 2013, the federal Section 17 portion of the mortgage of \$1,000,000 would be forgiven. During fiscal year 2014, the requirements were met and accordingly, the mortgage was reduced by \$1,000,000 and reported as an in-kind contribution.	<u>22,102,653</u>	<u>23,102,653</u>
Total mortgage loans payable to HPD	<u>35,435,365</u>	<u>36,435,365</u>

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

**Notes to Consolidated Financial Statements
June 30, 2014 and 2013**

NOTE N - LONG-TERM DEBT (CONTINUED)

	June 30,	
	2014	2013
Loan payable, unsecured, non-interest bearing, to Deutsche Bank Americas Foundation, \$25,000 due July 31, 2014, 2015 and May 2016.	\$ 75,000	\$ 100,000
Mortgage loan payable to HUD, non-interest bearing and secured by a mortgage encumbering the property and improvements for the One Twenties Cluster project, due in 2036.	6,186,955	6,186,955
Three mortgage loans payable to Community Preservation Corporation and HPD, secured by liens on the property located at 459 West 147th Street, New York City. At June 30, 2014, the loans consisted of 1) \$190,014 loan, bearing interest of 6.27%, to be amortized over 25 years; 2) \$270,804 loan bearing interest of 1%, to be amortized over 30 years (with a step-up in years 26-30); 3) \$302,500 HOME loan, bearing no interest. At June 30, 2013, the loans consisted of 1) \$195,163 loan, bearing interest of 6.27%, to be amortized over 25 years; 2) \$275,365 loan bearing, interest of 1%, to be amortized over 30 years (with a step-up in years 26-30); 3) \$302,500 HOME loan, bearing no interest.	763,317	773,028
Subordinate note and mortgage loan payable in monthly installments to Citibank, bearing interest of 7.45% secured by a lien on the property located at 230 West 103rd Street, New York City, due on December 1, 2019.	<u>3,334,119</u>	<u>3,402,312</u>
Total long-term debt	45,794,756	46,897,660
Less: current portion	<u>108,568</u>	<u>102,903</u>
	<u>\$ 45,686,188</u>	<u>\$ 46,794,757</u>

(a) Interest on these HPD loans will accrue at the maturity of these loans, and the principal, together with interest, will be due on maturity. However, if the properties are still owned by a not-for-profit organization on the 25th anniversary of the loans, the unpaid principal balance, together with the accrued interest thereon, will be reduced and deemed paid in five annual decrements of 20% of the respective balances.

The required principal payments by the Organization on the above obligations, in each of the five fiscal years subsequent to June 30, 2014, are as follows:

Year Ending June 30,	Amount
2015	\$ 108,568
2016	139,663
2017	96,220
2018	103,274
2019	110,864
Thereafter	45,236,167

Interest expense for the fiscal-years 2014 and 2013 was \$1,010,701 and \$936,155, respectively.

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

Notes to Consolidated Financial Statements June 30, 2014 and 2013

NOTE O - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2014 and 2013, net assets of \$1,821,704 and \$1,984,392 were temporarily restricted for housing. During fiscal-years 2014 and 2013, net assets in the amounts of \$162,688 and \$269,639 were released in satisfaction of these restrictions.

NOTE P - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in both interest-bearing and non-interest-bearing accounts which, at times, may exceed federally insured limits. Management believes that the Organization is not exposed to any significant risk of loss due to the possible failure of the financial institutions.

NOTE Q - EMPLOYEE BENEFIT PLAN

The Organization maintains a defined-contribution pension plan (the "Plan"), operating under Section 403(b) of the Internal Revenue Code for the benefit of all eligible employees. Plan expenses for fiscal-years 2014 and 2013 were approximately \$249,000 and \$220,000, respectively.

NOTE R - COMMITMENTS AND CONTINGENCIES

Government funded activities are subject to audit by the applicable funding agencies. At June 30, 2014, there were no material obligations outstanding as a result of such audits, and management believes that unaudited projects would not result in any material obligations.

In addition, from time to time the Organization enters into construction agreements related to the renovation of various buildings in the standard ordinary course of business.

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

**Notes to Consolidated Financial Statements
June 30, 2014 and 2013**

NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS

[1] Marseilles LLC:

The statements of financial position for this affiliate, the financial statements of which are consolidated herein, as of June 30, 2014 and 2013, and the statements of its results of operations for the fiscal years then ended are as follows:

	June 30,	
	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,363,898	\$ 683,149
Tenant security deposits held	156,214	33,881
Receivable from affiliates	3,916,448	4,083,604
Rents receivable, net	39,194	21,500
Prepaid expenses	<u>41,897</u>	<u>41,815</u>
Total current assets	5,517,651	4,863,949
Reserves and escrow	256,474	784,421
Property and equipment	18,322,692	18,705,988
Deferred financing cost	<u>633,939</u>	<u>486,961</u>
	<u>\$ 24,730,756</u>	<u>\$ 24,841,319</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 300,356	\$ 177,059
Due to residents	904	
Tenants' security deposits held	156,214	33,881
Rents received in advance	37,158	4,425
Long-term debt - current portion	<u>73,450</u>	<u>68,193</u>
Total current liabilities	568,082	283,558
Long-term debt	3,260,670	3,334,120
Bonds payable	11,425,000	11,725,000
Interest-rate swap obligation	<u>1,521,210</u>	<u>1,694,422</u>
Total liabilities	16,774,962	17,037,100
Unrestricted net assets	<u>7,955,794</u>	<u>7,804,219</u>
	<u>\$ 24,730,756</u>	<u>\$ 24,841,319</u>

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

**Notes to Consolidated Financial Statements
June 30, 2014 and 2013**

NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)

[1] Marseilles LLC: (continued)

	Year Ended June 30,	
	2014	2013
Income:		
Gross potential rent - tenant	\$ 2,599,054	\$ 2,561,705
Less: vacancy loss	<u>(96,663)</u>	<u>(48,255)</u>
Net residential rent	<u>2,502,391</u>	<u>2,513,450</u>
Gross potential rent - commercial	632,651	812,959
Less: vacancy loss	(270,479)	(474,930)
Less: rent concessions	<u>(231,546)</u>	<u> </u>
Net commercial rent	<u>130,626</u>	<u>338,029</u>
Total rental income	2,633,017	2,851,479
Interest and other income	<u>3,211</u>	<u>2,961</u>
Total income	<u>2,636,228</u>	<u>2,854,440</u>
Expenses:		
Salaries	271,782	255,213
Payroll taxes and employment benefits	94,256	98,125
Professional fees	40,971	20,054
Management fees	130,632	140,404
Administrative expenses	19,126	20,865
Real estate taxes	56,150	34,576
Insurance	81,213	76,111
Utilities	219,584	156,181
Supplies	9,795	14,564
Equipment, maintenance and repair	169,278	148,690
Social and recreation expenses	<u>14,595</u>	<u>11,012</u>
Total expenses before finance and depreciation	<u>1,107,382</u>	<u>975,795</u>
Change in net assets before finance and depreciation expenses	<u>1,528,846</u>	<u>1,878,645</u>
Finance and depreciation expenses:		
Interest and finance charges	884,945	905,472
Depreciation and amortization	665,538	646,671
Change in value of interest-rate swap agreement	<u>(173,212)</u>	<u>(538,266)</u>
Total finance and depreciation expenses	<u>1,377,271</u>	<u>1,013,877</u>
Change in net assets	151,575	864,768
Net assets - beginning of year	<u>7,804,219</u>	<u>6,939,451</u>
Net assets - end of year	<u>\$ 7,955,794</u>	<u>\$ 7,804,219</u>

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

**Notes to Consolidated Financial Statements
June 30, 2014 and 2013**

NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)

[2] The Westbourne Housing Development Fund Company, Inc.:

The statements of financial position for this affiliate, the financial statements of which are consolidated herein, as of June 30, 2014 and 2013 and the statements of its results of operations for the fiscal years then ended are as follows:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,334	\$ 447,510
Tenant security deposits held	21,533	20,995
Rents receivable, net	81,082	111,134
Other receivables	2,751	7,900
Prepaid expenses	<u>9,170</u>	<u>10,080</u>
Total current assets	137,870	597,619
Reserves and escrow	1,047,526	1,151,568
Security deposits	4,620	4,620
Property and equipment	<u>6,923,707</u>	<u>6,819,583</u>
	<u>\$ 8,113,723</u>	<u>\$ 8,573,390</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 21,174	\$ 70,269
Construction payable		439,852
Tenant security deposits held	21,533	20,995
Payable to affiliate	679,075	690,188
Rents received in advance	<u>27,666</u>	<u>12,074</u>
Total current liabilities	749,448	1,233,378
Long-term debt	<u>4,665,028</u>	<u>4,665,028</u>
Total liabilities	5,414,476	5,898,406
Unrestricted net assets	<u>2,699,247</u>	<u>2,674,984</u>
	<u>\$ 8,113,723</u>	<u>\$ 8,573,390</u>

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

**Notes to Consolidated Financial Statements
June 30, 2014 and 2013**

NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)

[2] The Westbourne Housing Development Fund Company, Inc.: (continued)

	<u>Year Ended June 30,</u>	
	<u>2014</u>	<u>2013</u>
Income:		
Gross potential rent - tenant	\$ 988,573	\$ 994,261
Less: vacancy loss	<u>(45,634)</u>	<u>(93,293)</u>
Net residential rent	942,939	900,968
Rent - commercial	<u>137,676</u>	<u>138,627</u>
Total rental income	1,080,615	1,039,595
Interest and other income	<u>33,266</u>	<u>8,293</u>
Total income	<u>1,113,881</u>	<u>1,047,888</u>
Expenses:		
Salaries	305,611	302,188
Payroll taxes and employment benefits	83,835	86,902
Professional fees	28,397	57,297
Management fees	88,594	77,583
Administrative expenses	49,852	35,885
Insurance	51,959	51,787
Utilities	150,121	178,720
Supplies	16,492	15,685
Equipment, maintenance and repair	90,503	122,966
Social and recreation expenses	16,805	12,297
Bad debt	<u>21,821</u>	<u></u>
Total expenses	<u>903,990</u>	<u>941,310</u>
Change in net income before finance and depreciation expenses	<u>209,891</u>	<u>106,578</u>
Finance and depreciation expenses:		
Interest and finance charges	3,161	5,338
Depreciation and amortization	<u>182,467</u>	<u>138,918</u>
Total finance and depreciation expenses	<u>185,628</u>	<u>144,256</u>
Change in net assets	24,263	(37,678)
Net assets - beginning of year	<u>2,674,984</u>	<u>2,712,662</u>
Net assets - end of year	<u>\$ 2,699,247</u>	<u>\$ 2,674,984</u>

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

**Notes to Consolidated Financial Statements
June 30, 2014 and 2013**

NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)

[3] East 138 HDFC, Inc.:

The statements of financial position for this affiliate, the financial statements of which are consolidated herein, as of June 30, 2014 and 2013, and the statements of its results of operations for the fiscal years then ended are as follows:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 80,807	\$ 201,393
Prepaid expenses		1,184
Government contract receivables	<u>31,871</u>	<u>38,906</u>
Total current assets	<u>\$ 112,678</u>	<u>\$ 241,483</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	3,685	295
Payable to affiliate	55,041	233,854
Deferred contract revenue	<u>43,500</u>	<u> </u>
Total current liabilities	102,226	234,149
Unrestricted net assets	<u>10,452</u>	<u>7,334</u>
	<u>\$ 112,678</u>	<u>\$ 241,483</u>

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

**Notes to Consolidated Financial Statements
June 30, 2014 and 2013**

NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)

[3] East 138 HDFC, Inc.: (continued)

	Year Ended June 30,	
	2014	2013
Revenue:		
Contributions	\$ 34,900	\$ 60,282
Grant income	153,418	47,208
Interest and other income	<u>(1,719)</u>	<u>2,709</u>
Total revenue	<u>186,599</u>	<u>110,199</u>
Expenses:		
Salaries	83,733	37,765
Payroll taxes and employment benefits	22,549	8,348
Professional fees	1,516	1,850
Administrative expenses	2,477	1,094
Insurance	3,426	1,724
Supplies	839	29
Equipment, maintenance and repair	542	
Food	22,257	43,466
Social and recreation expenses	781	7,823
Housing project expense	<u>43,500</u>	
Total expenses	<u>181,620</u>	<u>102,099</u>
Change in net income before finance and depreciation expenses	<u>4,979</u>	<u>8,100</u>
Finance and depreciation expenses:		
Interest and finance charges	1,861	1,598
Depreciation and amortization		<u>3,202</u>
Total finance and depreciation expenses	<u>1,861</u>	<u>4,800</u>
Increase in net assets - unrestricted	3,118	3,300
Net assets - beginning of year	<u>7,334</u>	<u>4,034</u>
Net assets - end of year	<u>\$ 10,452</u>	<u>\$ 7,334</u>

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

**Notes to Consolidated Financial Statements
June 30, 2014 and 2013**

NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)

[4] One Forty Nine Housing Company:

The statements of balance sheet for this affiliate, the financial statements of which are consolidated herein, as of June 30, 2014 and 2013, and the statements of its results of operations for the fiscal years then ended are as follows:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,573	\$ 13,510
Tenant security deposits held	10,342	10,057
Rents receivable, net	4,511	2,540
Prepaid expenses	<u>856</u>	<u>1,787</u>
Total current assets	39,282	27,894
Reserves and escrow	417,946	359,433
Property and equipment	<u>829,389</u>	<u>931,746</u>
	<u>\$ 1,286,617</u>	<u>\$ 1,319,073</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 18,914	\$ 36,064
Tenant security deposits held	10,342	10,057
Payable to affiliate	194,641	58,618
Rents received in advance	<u>7,389</u>	<u>5,195</u>
Total current liabilities	231,286	109,934
Long-term debt	<u>2,441,330</u>	<u>2,441,330</u>
Total liabilities	2,672,616	2,551,264
Partner's equity	<u>(1,385,999)</u>	<u>(1,232,191)</u>
	<u>\$ 1,286,617</u>	<u>\$ 1,319,073</u>

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

**Notes to Consolidated Financial Statements
June 30, 2014 and 2013**

NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)

[4] One Forty Nine Housing Company: (continued)

	<u>Year Ended June 30,</u>	
	<u>2014</u>	<u>2013</u>
Income:		
Gross potential rent - tenant	\$ 747,666	\$ 731,168
Less: vacancy loss	<u>(18,314)</u>	<u>(14,672)</u>
Total rental income	729,352	716,496
Interest and other income	<u>5,867</u>	<u>5,216</u>
Total income	<u>735,219</u>	<u>721,712</u>
Expenses:		
Salaries	283,808	266,814
Payroll taxes and employment benefits	85,829	71,730
Professional fees	16,536	17,629
Management fees	69,818	73,905
Administrative expenses	7,978	9,830
Insurance	25,894	23,544
Utilities	89,361	90,259
Supplies	8,259	13,294
Telephone and internet	9,051	7,177
Equipment, maintenance and repair	117,143	75,810
Overhead expenses	12,588	12,080
Food	18,541	19,192
Bad debt expenses	482	(1,612)
Social and recreation expenses	<u>1,300</u>	<u>1,260</u>
Total expenses	<u>746,588</u>	<u>680,912</u>
Net (loss) income before finance and depreciation expenses	<u>(11,369)</u>	<u>40,800</u>
Finance and depreciation expenses:		
Interest and finance charges	94	156
Depreciation and amortization	<u>142,345</u>	<u>139,522</u>
Total finance and depreciation expenses	<u>142,439</u>	<u>139,678</u>
Net loss	(153,808)	(98,878)
Partner's equity - beginning of year	<u>(1,232,191)</u>	<u>(1,133,313)</u>
Partner's equity - end of year	<u>\$ (1,385,999)</u>	<u>\$ (1,232,191)</u>

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

**Notes to Consolidated Financial Statements
June 30, 2014 and 2013**

NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)

[5] Borinquen Court Housing Company, Inc.:

The statements of balance sheet for this affiliate, the financial statements of which are consolidated herein, as of June 30, 2014 and 2013, and the statement of its results of operations for the fiscal year then ended are as follows:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 365,975	\$ 322,163
Investments in partnership	<u>1,141,547</u>	<u>1,141,547</u>
	<u>\$ 1,507,522</u>	<u>\$ 1,463,710</u>
LIABILITIES AND NET ASSETS		
Current liabilities - payable to affiliate:	<u>\$ 750</u>	<u>\$ 250</u>
Payable to affiliate		
Capital	<u>1,506,772</u>	<u>1,463,460</u>
	<u>\$ 1,507,522</u>	<u>\$ 1,463,710</u>
	<u>Year Ended June 30,</u>	
	<u>2014</u>	<u>2013</u>
Income:		
Interest income	<u>\$ 312</u>	<u>\$ 613</u>
Total income	<u>312</u>	<u>613</u>
Expenses:		
Administrative expenses	500	200
Overhead expenses	<u>50</u>	<u>50</u>
Total expenses	<u>500</u>	<u>250</u>
Net (loss) profit	(188)	363
Capital - beginning of year	1,463,460	1,454,948
Capital contribution during the year	<u>43,500</u>	<u>8,149</u>
Capital - end of year	<u>\$ 1,506,772</u>	<u>\$ 1,463,460</u>

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

**Notes to Consolidated Financial Statements
June 30, 2014 and 2013**

NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)

[6] Euclid Hall HDFC:

The statement of financial position for this affiliate, the financial statement of which are consolidated herein, as of June 30, 2014 and 2013 and the statements of its results of operations for the fiscal years then ended are as follows:

	June 30,	
	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 244,691	\$ 501,899
Tenant security deposits held	43,066	43,762
Rents receivable, net	111,924	78,131
Due from affiliates	150,743	
Other receivable	36,919	13,204
Prepaid expenses	<u>11,298</u>	<u>37,738</u>
Total current assets	598,641	674,734
Reserves and escrow	4,517,009	4,489,262
Security deposits	26,810	26,925
Property and equipment	<u>24,942,694</u>	<u>24,729,638</u>
	<u>\$ 30,085,154</u>	<u>\$ 29,920,559</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 166,016	\$ 187,869
Accrued interest payable	128,221	
Tenant security deposits held	39,055	43,762
Payable to affiliate		37,947
Rents received in advance	<u>34,898</u>	<u>32,510</u>
Total current liabilities	368,190	302,088
Long-term debt	<u>22,102,652</u>	<u>23,102,652</u>
Total liabilities	22,470,842	23,404,740
Unrestricted net assets	<u>7,614,312</u>	<u>6,515,819</u>
	<u>\$ 30,085,154</u>	<u>\$ 29,920,559</u>

WEST SIDE FEDERATION FOR SENIOR AND SUPPORTIVE HOUSING, INC. AND CERTAIN AFFILIATES

**Notes to Consolidated Financial Statements
June 30, 2014 and 2013**

NOTE S - FINANCIAL INFORMATION FOR THE FOLLOWING AFFILIATED ENTITIES ARE AS FOLLOWS (CONTINUED)

[6] Euclid Hall HDFC: (continued)

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Income:		
Gross potential rent - tenant	\$ 2,632,935	\$ 401,441
Less: vacancy loss	<u>(137,688)</u>	<u>(34,209)</u>
Net residential income	2,495,247	367,232
Gross potential rent - commercial	<u>34,116</u>	<u>4,809</u>
Total rental income	2,529,363	372,041
Contribution and grants		15,952
Interest and other income	<u>119,406</u>	<u>6,378</u>
Total income	<u>2,648,769</u>	<u>394,371</u>
Expenses:		
Salaries	668,600	95,575
Payroll taxes and employment benefits	274,076	41,998
Professional fees	68,095	17,787
Management fees	198,600	30,576
Telephone and internet	4,289	413
Administrative expenses	33,765	3,827
Insurance	114,250	17,442
Rent	36,300	5,129
Utilities	389,230	50,109
Supplies	18,033	1,453
Equipment, maintenance and repair	162,169	36,834
Overhead expenses	50,387	7,179
Bad debt expenses	<u>8,263</u>	<u>6,546</u>
Total expenses	<u>2,026,057</u>	<u>314,868</u>
Change in net asset before finance, depreciation expenses and other	<u>622,712</u>	<u>79,503</u>
Finance and depreciation expenses:		
Interest and finance charges	126,839	18,118
Depreciation and amortization	<u>397,380</u>	<u>46,488</u>
Total finance and depreciation expenses	<u>524,219</u>	<u>64,606</u>
Change in net assets before other	98,493	14,897
Other		
In-Kind contribution	1,000,000	0
Contribution from affiliates	0	8,472,595
Contribution to affiliates	<u>0</u>	<u>(1,971,673)</u>
Total other	1,000,000	6,500,922
Change in net assets	1,098,493	6,515,819
Net assets - beginning of year	<u>6,515,819</u>	<u>0</u>
Net assets - end of year	<u>\$ 7,614,312</u>	<u>\$ 6,515,819</u>