



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

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 and 2015

INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated 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, 2016 and 2015, 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 Consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of West Side Federation for Senior and Supportive Housing, Inc. and certain affiliates as of June 30, 2016 and 2015, 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
January 5, 2017

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

Consolidated Statements of Financial Position

	June 30,	
	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,651,413	\$ 7,230,954
Grants and government contracts receivable	2,589,367	1,469,313
Receivable from affiliates - current portion	1,850,001	3,725,694
Rents receivable, net	316,663	422,510
Advances receivable from residents, net	43,685	45,294
Tenants' security deposits held	391,114	375,976
Other receivables	829,816	258,154
Prepaid expenses	<u>422,453</u>	<u>375,269</u>
 Total current assets	 14,094,512	 13,903,164
 Reserves and escrow accounts	 11,870,496	 8,368,798
Receivables from affiliates	1,234,972	1,563,474
Notes and loan receivable from affiliates	5,996,226	5,996,226
Security deposits	12,875	33,945
Investment in partnerships	5,530,012	5,482,676
Property and equipment, net	61,170,639	60,678,552
Deferred costs, net	<u>346,687</u>	<u>568,421</u>
	 <u>\$100,256,419</u>	 <u>\$96,595,256</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,224,713	\$ 1,876,710
Due to residents	1,043,642	1,159,206
Tenants' security deposits held	391,114	375,976
Rents received in advance	56,011	69,654
Deferred government contracts	86,222	79,574
Long-term debt - current portion	<u>306,000</u>	<u>468,861</u>
 Total current liabilities	 4,107,702	 4,029,981
 Long-term debt	 61,543,448	 45,571,525
Bonds payable		10,795,802
Interest-rate-swap obligation		<u>1,364,904</u>
 Total liabilities	 <u>65,651,150</u>	 <u>61,762,212</u>
 Commitments and contingencies (Note R)		
Net assets:		
Unrestricted	32,944,552	33,171,004
Temporarily restricted	<u>1,660,717</u>	<u>1,662,040</u>
 Total net assets	 <u>34,605,269</u>	 <u>34,833,044</u>
	 <u>\$100,256,419</u>	 <u>\$96,595,256</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, 2016			Year Ended June 30, 2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Contributions and grants	\$ 854,716	\$ 178,952	\$ 1,033,668	\$ 1,004,364	\$ 250,339	\$ 1,254,703
In-kind contributions	631,095		631,095			
Government contracts	9,744,261		9,744,261	8,609,106		8,609,106
Rental income net, of vacancy losses of \$505,534 and \$580,480 in 2016 and 2015, respectively	12,665,030		12,665,030	12,517,667		12,517,667
Management and other fees	893,607		893,607	880,896		880,896
Overhead income	12,045		12,045	12,044		12,044
Development fee income	100,000		100,000			
Income from partnership	1,167,469		1,167,469	1,239,116		1,239,116
Interest and other income	395,880		395,880	410,332		410,332
Total public support and revenue before net assets released from restrictions	26,464,103	178,952	26,643,055	24,673,525	250,339	24,923,864
Net assets released from restrictions	180,275	(180,275)	0	410,003	(410,003)	0
Total public support and revenue	26,644,378	(1,323)	26,643,055	25,083,528	(159,664)	24,923,864
Expenses:						
Program services:						
Social services and residential care	8,812,782		8,812,782	8,398,399		8,398,399
Housing	12,324,309		12,324,309	11,874,064		11,874,064
Total program services	21,137,091		21,137,091	20,272,463		20,272,463
Supporting services:						
Management and general	2,899,575		2,899,575	2,566,596		2,566,596
Fund-raising	60,003		60,003	59,696		59,696
Total supporting services	2,959,578		2,959,578	2,626,292		2,626,292
Total expenses before amortization and depreciation	24,096,669		24,096,669	22,898,755		22,898,755
Change in net assets before amortization, depreciation and interest-rate-swap agreement	2,547,709	(1,323)	2,546,386	2,184,773	(159,664)	2,025,109
Amortization and depreciation expenses	(2,747,255)		(2,747,255)	(2,305,314)		(2,305,314)
Change in value of interest-rate-swap agreement	(26,906)		(26,906)	156,306		156,306
Change in net assets	(226,452)	(1,323)	(227,775)	35,765	(159,664)	(123,899)
Net assets - beginning of year	33,171,004	1,662,040	34,833,044	33,135,239	1,821,704	34,956,943
Net assets - end of year	\$ 32,944,552	\$ 1,660,717	\$ 34,605,269	\$ 33,171,004	\$ 1,662,040	\$ 34,833,044

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, 2016

(with summarized financial information for June 30, 2015)

	Program Services			Supporting Services			Total Expenses	
	Social and Supportive Services	Housing	Total Program Services	Management and General	Fund-Raising	Total Supporting Services	2016	2015
Salaries and temporary employees	\$ 5,391,446	\$ 5,128,623	\$ 10,520,069	\$ 1,895,601	\$ 41,763	\$ 1,937,364	\$ 12,457,433	\$ 11,993,574
Payroll taxes and employee benefits	<u>1,582,722</u>	<u>1,724,687</u>	<u>3,307,409</u>	<u>577,067</u>	<u>12,249</u>	<u>589,316</u>	<u>3,896,725</u>	<u>3,460,261</u>
Total salaries and related expenses	6,974,168	6,853,310	13,827,478	2,472,668	54,012	2,526,680	16,354,158	15,453,835
Professional fees and contract service payments	271,502	439,850	711,352	126,326		126,326	837,678	750,359
Telephone and telecommunications	74,660	75,334	149,994	44,744	1,006	45,750	195,744	179,262
Administrative expenses	106,457	228,034	334,491	164,638	3,316	167,954	502,445	380,537
Insurance	118,677	413,061	531,738	24,883	559	25,442	557,180	529,999
Lease expenses	77,822	168,656	246,478				246,478	245,799
Real estate taxes		53,204	53,204				53,204	50,477
Interest and finance charges	1,546	1,019,408	1,020,954	7,023		7,023	1,027,977	1,021,759
Food	322,680	506,325	829,005				829,005	813,480
Utilities	289,430	1,097,292	1,386,722				1,386,722	1,356,352
Supplies	142,331	209,132	351,463	49,048	1,103	50,151	401,614	432,058
Equipment, maintenance and repairs	276,196	877,685	1,153,881	10,245	7	10,252	1,164,133	1,272,829
Social and recreation expenses	157,313	48,454	205,767				205,767	154,312
Housing project expenses		45,489	45,489				45,489	215,300
Bad debt expense		<u>289,075</u>	<u>289,075</u>				<u>289,075</u>	<u>42,397</u>
Total expenses before amortization and depreciation	8,812,782	12,324,309	21,137,091	2,899,575	60,003	2,959,578	24,096,669	22,898,755
Amortization and depreciation		<u>2,747,255</u>	<u>2,747,255</u>				<u>2,747,255</u>	<u>2,305,314</u>
	<u>\$ 8,812,782</u>	<u>\$ 15,071,564</u>	<u>\$ 23,884,346</u>	<u>\$ 2,899,575</u>	<u>\$ 60,003</u>	<u>\$ 2,959,578</u>	<u>\$ 26,843,924</u>	<u>\$ 25,204,069</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, 2015**

	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	\$ 5,161,543	\$ 5,032,380	\$ 10,193,923	\$ 1,757,151	\$ 42,500	\$ 1,799,651	\$ 11,993,574
Payroll taxes and employee benefits	<u>1,454,399</u>	<u>1,538,932</u>	<u>2,993,331</u>	<u>455,124</u>	<u>11,806</u>	<u>466,930</u>	<u>3,460,261</u>
Total salaries and related expenses	6,615,942	6,571,312	13,187,254	2,212,275	54,306	2,266,581	15,453,835
Professional fees and contract service payments	274,257	343,540	617,797	132,562		132,562	750,359
Telephone and telecommunications	67,899	71,508	139,407	38,898	957	39,855	179,262
Administrative expenses	89,051	206,549	295,600	82,524	2,413	84,937	380,537
Insurance	115,649	385,929	501,578	27,738	683	28,421	529,999
Lease expenses	77,822	167,977	245,799				245,799
Real estate taxes		50,477	50,477				50,477
Interest and finance charges	833	1,010,674	1,011,507	10,252		10,252	1,021,759
Food	301,089	511,891	812,980	500		500	813,480
Utilities	282,639	1,073,713	1,356,352				1,356,352
Supplies	154,476	222,174	376,650	54,078	1,330	55,408	432,058
Equipment, maintenance and repairs	300,774	964,279	1,265,053	7,769	7	7,776	1,272,829
Social and recreation expense	117,968	36,344	154,312				154,312
Housing project expenses		215,300	215,300				215,300
Bad debt expense		<u>42,397</u>	<u>42,397</u>				<u>42,397</u>
Total expenses before amortization and depreciation	8,398,399	11,874,064	20,272,463	2,566,596	59,696	2,626,292	22,898,755
Amortization and depreciation		<u>2,305,314</u>	<u>2,305,314</u>				<u>2,305,314</u>
	<u>\$ 8,398,399</u>	<u>\$14,179,378</u>	<u>\$ 22,577,777</u>	<u>\$ 2,566,596</u>	<u>\$ 59,696</u>	<u>\$ 2,626,292</u>	<u>\$ 25,204,069</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>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (227,775)	\$ (123,899)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
In-kind contributions	(631,095)	
Depreciation and amortization	2,747,255	2,308,151
Realized loss (gains) on interest-rate-swap agreement	26,906	(156,306)
Bad debts expense	289,075	42,397
Change in reserve for bad debts	(228,303)	(9,333)
Changes in:		
Grants and government contracts receivable	(1,120,054)	(314,454)
Receivable from affiliates	1,802,482	335,214
Rents receivable	45,075	(89,730)
Advances receivable from residents	1,609	10,120
Other receivables	(571,322)	13,233
Prepaid expenses	(45,782)	(40,465)
Accounts payable and accrued expenses	348,003	297,228
Due to residents	(115,564)	(88,270)
Deferred government contracts	6,648	36,074
Rents received in advance	(13,643)	(81,124)
	<u>2,313,515</u>	<u>2,138,836</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	(597,026)	(1,014,287)
Investments in partnership and housing company	(47,336)	(388,812)
Changes in reserves and escrow accounts	(3,501,698)	280,847
Security deposits paid	21,070	1,815
Payments on interest-rate-swap agreement	(1,424,700)	
	<u>(5,549,690)</u>	<u>(1,120,437)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Proceeds from issuance of notes payable	18,325,000	25,000
Principal payments on notes payable		(25,000)
Principal payments on mortgage loan payable	(3,336,740)	(83,568)
Deferred financing costs	(206,626)	
Principal payments on bonds payable	(11,125,000)	(300,000)
	<u>3,656,634</u>	<u>(383,568)</u>
Net cash provided by (used in) financing activities		
Net change in cash and cash equivalents	420,459	634,831
Cash and cash equivalents - beginning of year	<u>7,230,954</u>	<u>6,596,123</u>
Cash and cash equivalents - end of year	\$ 7,651,413	\$ 7,230,954
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 751,024	\$ 880,466

See notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements June 30, 2016 and 2015

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 (the "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 which owns the beneficial interest in and operates the property located at 230 West 103rd Street, New York, NY. Marseilles HDFC, a not-for-profit housing development fund corporation, whose board of directors is appointed by the board of directors of WSFSSH, holds the fee simple title of the property. WSFSSH is the sole member of Marseilles LLC and Marseilles HDFC.

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 99% limited-partnership interests in One Forty Nine Housing Company and Two Hundred Six Associates LP, respectively. The 99% limited-partnership interest in One Forty Nine Housing Company, previously owned by National Equity Fund 1987 Partnership ("NEF I"), was transferred to West Side Special at no cost under an agreement dated September 20, 2003. The general partner of One Forty Nine Housing Company is Federation Housing Support Services, Inc. ("FHSS"), an affiliated entity. The 99% limited-partnership interest in Two Hundred Six Associates L.P., as further described below in Note C [3], previously owned by National Equity Fund 1994 Limited Partnership ("NEF II"), was transferred to West Side Special at no cost under an agreement dated December 31, 2015. The general partner of Two Hundred Six Associates L.P. is Ben Michalski Housing Development Fund Company, Inc. (Ben Michalski), 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.

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

Notes to Consolidated Financial Statements June 30, 2016 and 2015

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

[1] Organization: (continued)

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.

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 BCHC stock. BCHC 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. Euclid Hall HDFC owns and operates property located at 2345 Broadway, New York, New York. WSFSSH provides building management and social services to Euclid Hall HDFC.

WSA Housing Development Fund, Inc. ("WSA") is a not-for-profit housing development corporation, exempt under Section 501 (c)(3) of the Code, 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 140 West 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.

Two Hundred Six Associates, L.P. ("206 Associates LP") is a limited partnership that was formed under the laws of the state of New York on June 9, 1995 to acquire, construct and/or rehabilitate low-income housing that is decent, safe and sanitary. 206 Associates LP owns and operates one building containing 18 residential units located at 206 West 84th Street, New York, NY. As further discussed in Note C[3] on December 31, 2015, the limited partner, NEF II, sold its 99% partnership interest to West Side Special. WSFSSH provides building management and social services to 206 Associates LP. The 1% general partner, Ben Michalski Housing Development Fund Company, Inc. ("Ben Michalski"), 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.

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.

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

Notes to Consolidated Financial Statements June 30, 2016 and 2015

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

[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.

[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 2016 and 2015 was \$1,043,642 and \$1,159,206, 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.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of June 30, 2016 and 2015, respectively, and in the opinion of management, there were no impairments. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[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, 2016 and 2015, this accrued vacation was \$141,018 and \$133,720, 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.

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

Notes to Consolidated Financial Statements June 30, 2016 and 2015

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

[8] Net assets (continued)

(b) Temporarily restricted:

Temporarily restricted net assets represent those resources the use of which has been restricted by donors to specific purposes or by 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.

[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 equipment 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 mortgage loans payable and office equipment are being amortized using the effective-interest method over the terms of the loans and the equipment.

[13] Income taxes:

The Organization is subject to 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, management believes that ASC Topic 740 has not had, and is not expected to have, a material impact on the Organization's consolidated financial statements.

[14] Derivatives:

A derivative financial instrument consisting of an interest-rate swap contract was 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. The interest-rate-swap agreement was paid off during fiscal-year, 2016.

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

Notes to Consolidated Financial Statements June 30, 2016 and 2015

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

[15] New Pronouncements:

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends the presentation and disclosures with the goal of helping not-for-profit organizations provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: a) net asset classes, b) investment returns, c) expense classifications, d) liquidity and availability of resources, and e) the presentation of operating cash flows. The new standard is effective for fiscal years beginning after December 15, 2017.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs related to a recognized debt liability be presented in the statement of financial position as a direct deduction from the carrying amount of that debt liability, consistent with the current treatment of debt discounts. ASU 2015-03 is effective for fiscal years beginning after December 15, 2015.

The Organization has chosen not to early-adopt either pronouncement.

[16] 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 January 5, 2017, the date on which the financial statements were available to be issued.

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,	
	2016	2015
Federal	\$ 298,523	\$ 260,888
New York State	56,508	232,801
New York City	<u>2,234,336</u>	<u>975,624</u>
	<u>\$ 2,589,367</u>	<u>\$ 1,469,313</u>

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

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

Notes to Consolidated Financial Statements June 30, 2016 and 2015

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 of their respective financial statements under generally accepted accounting principles are not present or would have a de-minimis impact on the Organization's consolidated financial statements:

- 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 are either not present or would have a de-minimis impact on WSFSSH's financial statements:

- 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) One Hundred Forty Housing Company, Inc., general partner for:
One Hundred Forty Associates, LP
- 4) Claremont Park Housing Company, Inc., general partner for:
Claremont Park Associates, LP
- 5) West Eighties Housing Company, Inc., general partner for:
West Eighties Associates, LP
- 6) Tres Puentes Housing Company, Inc., general partner for:
Tres Puentes, LP

Management and social-service and consulting fees for each of the fiscal-years 2016 and 2015 were \$893,607 and \$880,896, 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 the outstanding balance remaining to collect is \$570,000 and \$1,140,000 as of June 30, 2016 and 2015, respectively, and are included in the amount receivable from Claremont Park Associates, LP (see Note D).

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

Notes to Consolidated Financial Statements June 30, 2016 and 2015

NOTE C - RELATED-PARTY TRANSACTIONS: (CONTINUED)

[2] Development fee agreement: (continued)

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. 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 an approved construction schedule. The agreement called for a total development fee of \$2,430,465, of which the outstanding balance to collect is \$200,000 and \$756,945 as of June 30, 2016 and 2015, respectively and is included in the amount receivable from Borinquen Court Associates, LP (see Note D).

On May 2016, the Organization entered into a development fee agreement with Tres Puentes, LP with respect to the construction of a 175-unit development containing two new buildings located at 275 East 138th Street, Bronx, New York and 2550 3rd Avenue, Bronx, New York. 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 an approved construction schedule. The agreement calls for a total development fee of \$14,626,465, of which \$100,000 was earned and received as of June 30, 2016. (See Note D).

[3] In-kind Contribution to West Side Special:

As disclosed in Note A[1], on December 31, 2015, the limited partner of 206 Associates LP, National Equity Fund, sold its 99% partnership interest to West Side Special. The property, a building containing 18 residential units located at 206 West 84th Street, New York, New York, had originally been financed using Low Income Housing Tax Credits established by the program described in Section 42 of the IRC and a loan from the New York State Homeless Housing and Assistance Corporation (see Note N). The fair market value of the assets of 206 Associates LP consisting of cash, replacement reserves and property less liabilities and liens on the property, was approximately \$631,000 and has been reported in the accompanying consolidated statement of activities for fiscal-year 2016 as an in-kind contribution. The assets and liabilities of 206 Associates LP are consolidated with those of the Organization as of June 30, 2016.

NOTE D - AFFILIATE RECEIVABLES

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,	
	2016	2015
Claremont Park Associates, LP	\$ 929,988	\$ 1,355,362
One Hundred Forty Associates, LP	692,540	610,619
Borinquen Court Associates, LP	598,247	998,547
PSS/WSF Housing Company, LP	271,253	461,016
Tres Puentes LP	263,103	1,270,674
Manhattan West Associates, LP	213,911	45,810
K & L HDFC, Inc.	80,767	118,396
Two Hundred Six Associates, LP		309,602
West Eighties Associates, LP	35,164	31,384
Federation Housing Support Services, Inc.		87,758
Total receivables	3,084,973	5,289,168
Less: current portion	1,850,001	3,725,694
	<u>\$ 1,234,972</u>	<u>\$ 1,563,474</u>

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

Notes to Consolidated Financial Statements June 30, 2016 and 2015

NOTE D - AFFILIATE RECEIVABLES (CONTINUED)

Tres Puentes LP is a limited partnership that was formed under the laws of the State of New York on October 4, 2013 to acquire, construct and develop two new buildings in Bronx, New York. The initial general partner of the partnership was West Side Special and the initial limited partner was WSFSSH. As of and for the year ended June 30, 2015, the financial statements of Tres Puentes LP were not consolidated with those of the Organization because of the intention of management to syndicate Tres Puentes LP to independents investors. In May 2016, both the initial general partner and the initial limited partner of the partnership withdrew from the partnership and concurrently a .01% general partnership interest was assigned to Tres Puentes Housing Company, Inc., a wholly own subsidiary of WSFSSH, and a 99.99% limited-partnership interest was assigned to NEF Assignment Corporation. WSFSSH provided funds to cover pre-development cost of Tres Puentes LP and reported the total funded amount as a receivable from affiliates. The outstanding receivable balance is \$263,103 and \$1,270,674 as of June 30, 2016 and 2015, respectively. During fiscal-year 2016, Tres Puentes LP obtained a \$1,500,000 line of credit with Local Initiatives Support Corporation to provide financing for pre-development costs. WSFSSH guaranteed the repayment of this line of credit and the related interest. In May 2016 Tres Puentes LP repaid in full the \$758,849 that was drawn under the line of credit and WSFSSH's guarantee obligations expired.

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>2016</u>	<u>2015</u>
K & L HDFC, Inc. (a)	\$ 259,159	\$ 259,159
PSS/WSF Housing Company, LP (b)	72,962	72,962
Borinquen Court Associates, 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, 2015 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, 2016 and 2015, 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 \$548,955 and \$407,281 as of June 30, 2016 and 2015, respectively.
- (d) Purchase money 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, cash flow permitting. The interest accrued on the Purchase money note receivable is \$698,017 and \$599,247 as of June 30, 2016 and 2015, respectively. The loan receivable, bearing interest of 4.63% per annum, is due and payable on August 28, 2043.

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

Notes to Consolidated Financial Statements June 30, 2016 and 2015

NOTE F - RENTS RECEIVABLE

At June 30, 2016 and 2015, 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, amounts of approximately \$378,000 and \$150,000 have been reserved for an allowance for uncollectible accounts for fiscal-years 2016 and 2015, respectively.

NOTE G - ADVANCES RECEIVABLE FROM RESIDENTS

At June 30, 2016 and 2015, 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, an amount of approximately \$17,000 has been reserved for an allowance for uncollectible accounts for doubtful collections in both fiscal-years 2016 and 2015.

NOTE H - INVESTMENTS 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, 2016 and 2015 was \$3,978,706 and \$3,932,560, respectively. In fiscal-years 2016 and 2015, WSFSSH recognized \$1,167,469 and \$1,239,116, respectively, of partnership income, net of an amortization charge for the excess of cost over the underlying equity. WSFSSH received a distribution of \$1,219,832 and \$1,079,019 from the partnership in fiscal-years 2016 and 2015, 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, 2016 and 2015 was \$1,551,306 and \$1,550,116, respectively.

NOTE I - FAIR-VALUE MEASUREMENTS

ASC Topic 820, *Fair Value Measurements and Disclosures*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based upon 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 identical investments at the reporting date.
- Level 2: Valuations are based on (i) quoted prices for similar investments in active markets; or (ii) quoted prices for identical 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 3: Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments; or (ii) the underlying investments can be independently valued.

The Organization's assets classified as Level 2 for fiscal-year 2015 consisted 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[15].

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

**Notes to Consolidated Financial Statements
June 30, 2016 and 2015**

NOTE I - FAIR-VALUE MEASUREMENTS (CONTINUED)

The interest-rate-swap was terminated during fiscal-year 2016. The purchase money note receivable as described in Note E, 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.

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 valuation levels:

	<u>June 30, 2016</u>		
	<u>Level 3</u>	<u>Total</u>	
Purchase money note receivable - Borinquen Court Project	\$ 4,442,105	\$ 4,442,105	
Purchase money note receivable - Fania Gersham Project	<u>1,222,000</u>	<u>1,222,000</u>	
	<u>\$ 5,664,105</u>	<u>\$ 5,664,105</u>	
	 <u>June 30, 2015</u>		
	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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	\$ (1,364,904)	<u> </u>	<u>(1,364,904)</u>
	<u>\$ (1,364,904)</u>	<u>\$ 5,664,105</u>	<u>\$ 4,299,201</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 2016 and 2015. The interest-rate swap agreement was fully paid off during the fiscal-year.

NOTE J - RESERVES AND ESCROW ACCOUNTS

In accordance with the provisions of the Organization's regulatory agreements, reserves and escrow accounts 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.

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

**Notes to Consolidated Financial Statements
June 30, 2016 and 2015**

NOTE J - RESERVES AND ESCROW ACCOUNTS (CONTINUED)

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

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
WSFSSH - Reserve for Fania Gersham Apartments	\$ 92,799	\$ 92,757
459 W. 147th Street - Water and Sewer Escrow	5,735	2,951
459 W. 147th Street - Replacement Reserve	21,478	19,162
Revella - Replacement Reserve	164,174	146,107
Revella - Social Service Reserve	106,813	106,722
Marseilles - Water & Sewer	11,683	
Marseilles - Insurance Deposit	48,446	
Marseilles - Real Estate Tax Escrow	11,050	
Marseilles - Principal Reserve Fund		64,630
Marseilles - Replacement Reserve	146,250	235,911
Marseilles - Capital Reserve	2,500,000	
One Forty Nine Housing - Replacement Reserve	255,396	232,264
One Forty Nine Housing - Owner Reserve	80,625	44,582
Westbourne - Operating Reserve	946,875	940,713
Westbourne - Replacement Reserve	194,639	156,004
Euclid - Operating Reserve	1,702,842	1,244,162
Euclid - Replacement Reserve	2,497,217	2,593,680
WSFSSH - Development Fund Reserve	1,533,131	1,532,092
WSFSSH - Operating Reserve for Claremont	760,096	380,000
WSFSSH - Social Service Reserve for Claremont	380,040	190,000
One Twenties Clusters - Replacement Reserve	336,916	321,867
One Twenties Clusters - Social Service Reserve	65,223	65,194
206 Associates LP - Replacement Reserve	9,068	
	<u>\$11,870,496</u>	<u>\$ 8,368,798</u>

NOTE K - PROPERTY AND EQUIPMENT

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

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Land	\$ 19,249,520	\$ 18,809,520
Buildings and leasehold improvements	62,674,905	60,408,611
Equipment	2,548,350	2,443,662
Furniture	1,162,072	1,162,072
	<u>85,634,847</u>	<u>82,823,865</u>
Less accumulated depreciation	<u>24,464,208</u>	<u>22,145,313</u>
	<u>\$ 61,170,639</u>	<u>\$ 60,678,552</u>

For fiscal-years 2016 and 2015, depreciation expense was \$2,318,895 and \$2,239,797, respectively.

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

**Notes to Consolidated Financial Statements
June 30, 2016 and 2015**

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>2016</u>	<u>2015</u>
Deferred leasing and financing costs	\$ 637,205	\$1,067,666
Less accumulated amortization	<u>(290,518)</u>	<u>(499,245)</u>
	<u>\$ 346,687</u>	<u>\$ 568,421</u>

Amortization expense was \$428,360 and \$65,517 for fiscal-years 2016 and 2015, respectively. The Organization wrote off \$386,009 of deferred financing costs related to the Marseilles bonds that were paid off during the year.

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%. 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.

The principal reserve fund balance was \$66,596 and the bond balance was \$11,125,000 as of June 30, 2015. On February 29, 2016, the bonds were fully paid off through the securing of a new senior HDC mortgage loan in the amount of \$18,325,000, (see Note N). Concurrently with this bond repayment, the principal reserve fund was withdrawn in full and closed.

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

**Notes to Consolidated Financial Statements
June 30, 2016 and 2015**

NOTE N - LONG-TERM DEBT

	June 30,	
	2016	2015
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 129th Street, New York City, due in April 2032 (a).	1,405,992	1,405,992
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 2015, the requirements were met and accordingly, the mortgage was reduced by \$1,000,000 and reported as an in-kind contribution.	22,102,652	22,102,652
Mortgage loan payable, bearing interest at 3.96% per annum, secured by a mortgage encumbering the property and improvements located at 230 West 103rd Street, New York City, due in March 2051(b).	18,284,478	
Total mortgage loans payable to HPD	<u>53,719,843</u>	<u>35,435,365</u>

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

**Notes to Consolidated Financial Statements
June 30, 2016 and 2015**

NOTE N - LONG-TERM DEBT (CONTINUED)

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Loan payable, unsecured, non-interest bearing, to Deutsche Bank Americas Foundation, \$25,000 due July 31, 2016 and May 2017.	\$ 50,000	\$ 75,000
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, 2016, the loans consisted of 1) \$169,346 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, 2015, the loans consisted of 1) \$179,894 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.	742,650	753,198
Mortgage loan payable to New York State Homeless Housing and Assistance Corporation ("NYS-HHAC"), bearing interest of 1%, secured by a mortgage encumbering the property and improvements located at 206 West 84th street, New York due August 8, 2025 (c).	1,150,000	
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, with an original due date of December 1, 2019. During fiscal-year 2016, this loan was paid off through the issuance of the Mortgage payable to HPD(b).		<u>3,260,670</u>
Total long-term debt	61,849,448	45,711,188
Less: current portion	306,000	<u>139,663</u>
	<u>\$ 61,543,448</u>	<u>\$ 45,571,525</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.
- (b) On February 29, 2016, the mortgage loan payable to Citibank, secured by a lien on the property located at 230 West 103rd Street ("the Property"), New York City, HDC bonds (see Note M), and related interest-rate swap obligations (see Note I) were fully paid off through refinancing with an HDC mortgage loan secured by a lien on the Property, bearing interest at 3.96% per annum, in the amount of \$18,325,000. Through this refinancing, the new HDC mortgage also funded a Capital Reserve Fund in the amount of \$2,500,000 to pay for capital repairs approved by HDC.
- (c) On December 31, 2015, as disclosed in Note A (1) and Note C (3), West Side Special acquired the 99% limited partnership interest in 206 Associates LP. The assets and liabilities of 206 Associates LP are consolidated with those of the Organization as of June 30, 2016. The consolidated liabilities consist of a mortgage loan payable to NYS-HHAC, bearing interest of 1%, secured by a mortgage encumbering the property and improvements located at 206 West 84th Street, New York, due August 8, 2025, in the amount of \$1,150,000.

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

Notes to Consolidated Financial Statements June 30, 2016 and 2015

NOTE N - LONG-TERM DEBT (CONTINUED)

The required principal payments by the Organization on the above obligations, in each of the five fiscal years subsequent to June 30, 2016, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 306,000
2018	296,190
2019	282,177
2020	294,194
2021	305,528
Thereafter	60,365,936

Interest expense for the fiscal-years 2016 and 2015 was \$941,909 and \$989,133, respectively.

NOTE O - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2016 and 2015, net assets of \$1,660,717 and \$1,662,040 were temporarily restricted for housing. During fiscal-years 2016 and 2015, net assets in the amounts of \$180,275 and \$410,003 were released in satisfaction of these restrictions, respectively.

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 2016 and 2015 were approximately \$253,000 and \$236,000 respectively.

NOTE R - COMMITMENTS AND CONTINGENCIES

[1] Governmental audits:

Government-funded activities are subject to audit by the applicable granting agencies. At June 30, 2016 and 2015, there were no material obligations outstanding as a result of such audits, and management believes that no material obligations will result from any future audits of such activities.

[2] Contracts:

The Organization has entered into contacts and agreements in the normal course of business.

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

**Notes to Consolidated Financial Statements
June 30, 2016 and 2015**

NOTE R - COMMITMENTS AND CONTINGENCIES (CONTINUED)

[3] Line of credit:

During fiscal year 2015, the Organization obtained a \$2,000,000 line of credit with JPMorgan Chase for ongoing operational requirements, expiring March 13, 2016, which was renewed for an additional year expiring on April 26, 2017. There was no outstanding balance at June 30, 2016 and 2015, respectively, under the line of credit. Subsequent to year end, the Organization obtained an additional \$1,500,000 line of credit with JPMorgan Chase, expiring May 22, 2017. It is WSFSSH's intention to use this additional line for predevelopment expenses.

[4] Guarantees:

In conjunction with developing and managing housing facilities for the low-income, elderly, disabled and homeless persons, the WSFSSH has entered into various agreements with affiliated entities guaranteeing operating deficits and tax-credit compliance. WSFSSH has not been called upon to make payments under these guarantees to date, and the conditions requiring guarantee payments are considered unlikely by WSFSSH. Such guarantee payments are not anticipated in the future, and as of June 30, 2016 and 2015, WSFSSH has not recognized a liability under the guarantees.

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

[1] Marseilles LLC:

The statements of financial position for this affiliate as of June 30, 2016 and 2015, and the statements of its results of operations for the fiscal years then ended, all of which are consolidated herein, are as follows:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 807,628	\$ 551,836
Tenant security deposits held	167,090	160,819
Receivable from affiliates	5,371,597	4,957,002
Rents receivable, net	19,963	39,804
Prepaid expenses	<u>55,600</u>	<u>56,225</u>
Total current assets	6,421,878	5,765,686
Reserves and escrow accounts	2,717,430	300,541
Property and equipment	17,414,629	17,892,790
Deferred financing costs	<u>346,687</u>	<u>568,421</u>
	<u>\$ 26,900,624</u>	<u>\$ 24,527,438</u>

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

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

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

[1] Marseilles LLC: (continued)

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 181,644	\$ 226,725
Due to residents	904	904
Tenants' security deposits held	167,090	160,819
Rents received in advance	2,418	3,070
Long-term debt - current portion	<u>269,983</u>	<u>408,311</u>
Total current liabilities	622,039	799,829
Long-term debt	18,014,495	3,181,557
Bonds payable		10,795,802
Interest-rate-swap obligation		<u>1,364,904</u>
Total liabilities	18,636,534	16,142,092
Unrestricted net assets	<u>8,264,090</u>	<u>8,385,346</u>
	<u>\$ 26,900,624</u>	<u>\$ 24,527,438</u>
	<u>Year Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
Income:		
Gross potential rent - tenant	\$ 2,611,548	\$ 2,614,193
Less: vacancy loss	<u>(25,493)</u>	<u>(87,379)</u>
Net residential rent	<u>2,586,055</u>	<u>2,526,814</u>
Gross potential rent - commercial	731,336	672,259
Less: rent concessions		<u>(14,399)</u>
Net commercial rent	<u>731,336</u>	<u>657,860</u>
Total rental income	3,317,391	3,184,674
Interest and other income	<u>105,828</u>	<u>33,568</u>
Total income	<u>3,423,219</u>	<u>3,218,242</u>

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

**Notes to Consolidated Financial Statements
June 30, 2016 and 2015**

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

[1] Marseilles LLC: (continued)

	<u>Year Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
Expenses:		
Salaries	\$ 385,409	\$ 351,654
Payroll taxes and employment benefits	136,501	120,091
Professional fees	76,777	30,737
Management fees	154,363	165,683
Administrative expenses	262,123	22,129
Real estate taxes	58,058	50,477
Insurance	84,086	83,963
Utilities	206,760	194,507
Supplies	15,780	11,658
Equipment, maintenance and repair	184,599	347,710
Social and recreation expenses	<u>5,439</u>	<u>7,276</u>
Total expenses before finance and depreciation	<u>1,569,895</u>	<u>1,385,885</u>
Change in net assets before finance and depreciation expenses	<u>1,853,324</u>	<u>1,832,357</u>
Finance and depreciation expenses:		
Interest and finance charges	866,544	864,985
Depreciation and amortization	1,081,130	694,126
Change in value of interest-rate swap agreement	<u>26,906</u>	<u>(156,306)</u>
Total finance and depreciation expenses	<u>1,974,580</u>	<u>1,402,805</u>
Change in net assets	(121,256)	429,552
Net assets - beginning of year	<u>8,385,346</u>	<u>7,955,794</u>
Net assets - end of year	<u>\$ 8,264,090</u>	<u>\$ 8,385,346</u>

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

**Notes to Consolidated Financial Statements
June 30, 2016 and 2015**

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 as of June 30, 2016 and 2015, and the statements of its results of operations for the fiscal years then ended, all of which are consolidated herein, are as follows:

	June 30,	
	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 45,115	\$ 93,476
Tenant security deposits held	21,014	21,798
Rents receivable, net	54,751	63,934
Other receivables	5,353	2,088
Prepaid expenses	<u>16,522</u>	<u>15,128</u>
Total current assets	142,755	196,424
Reserves and escrow accounts	1,141,514	1,096,717
Security deposits		3,285
Property and equipment	<u>6,560,465</u>	<u>6,718,395</u>
	<u>\$ 7,844,734</u>	<u>\$ 8,014,821</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 29,020	\$ 63,366
Tenant security deposits held	21,014	21,798
Payable to affiliate	353,954	521,423
Rents received in advance	<u>8,736</u>	<u>15,958</u>
Total current liabilities	412,724	622,545
Long-term debt	<u>4,665,028</u>	<u>4,665,028</u>
Total liabilities	5,077,752	5,287,573
Unrestricted net assets	<u>2,766,982</u>	<u>2,727,248</u>
	<u>\$ 7,844,734</u>	<u>\$ 8,014,821</u>

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

**Notes to Consolidated Financial Statements
June 30, 2016 and 2015**

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

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

	Year Ended June 30,	
	2016	2015
Income:		
Gross potential rent - tenant	\$ 1,089,206	\$ 1,145,666
Less: vacancy loss	<u>(2,403)</u>	<u>(22,967)</u>
Net residential rent	1,086,803	1,122,699
Rent - commercial	<u>198,968</u>	<u>138,783</u>
Total rental income	1,285,771	1,261,482
Interest and other income	<u>12,156</u>	<u>19,009</u>
Total income	<u>1,297,927</u>	<u>1,280,491</u>
Expenses:		
Salaries	404,665	396,290
Payroll taxes and employment benefits	124,387	106,911
Professional fees	33,837	31,584
Management fees	101,744	98,516
Administrative expenses	47,707	49,539
Insurance	55,263	54,984
Utilities	128,250	146,000
Supplies	18,213	17,838
Equipment, maintenance and repair	97,878	104,533
Social and recreation expenses	26,506	23,495
Bad debts expenses	<u>22,161</u>	<u>13,514</u>
Total expenses	<u>1,060,611</u>	<u>1,043,204</u>
Change in net income before finance and depreciation expenses	<u>237,316</u>	<u>237,287</u>
Finance and depreciation expenses:		
Interest and finance charges	2,310	3,974
Depreciation and amortization	<u>195,272</u>	<u>205,312</u>
Total finance and depreciation expenses	<u>197,582</u>	<u>209,286</u>
Change in net assets	39,734	28,001
Net assets - beginning of year	<u>2,727,248</u>	<u>2,699,247</u>
Net assets - end of year	<u>\$ 2,766,982</u>	<u>\$ 2,727,248</u>

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

**Notes to Consolidated Financial Statements
June 30, 2016 and 2015**

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 as of June 30, 2016 and 2015, and the statements of its results of operations for the fiscal years then ended, all of which are consolidated herein, are as follows:

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 69,648	\$ 83,944
Government contract receivables	<u>20,934</u>	<u>15,669</u>
Total current assets	<u>\$ 90,582</u>	<u>\$ 99,613</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	2,402	
Payable to affiliate	<u>75,993</u>	<u>88,400</u>
Total current liabilities	78,395	88,400
Unrestricted net assets	<u>12,187</u>	<u>11,213</u>
	<u>\$ 90,582</u>	<u>\$ 99,613</u>
	<u>Year Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
Revenue:		
Contributions	\$ 8,000	\$ 7,500
Grant income	<u>99,667</u>	<u>115,998</u>
Total revenue	<u>107,667</u>	<u>123,498</u>
Expenses:		
Salaries	75,473	53,713
Payroll taxes and employment benefits	22,135	14,922
Professional fees	3,689	1,645
Administrative expenses	1,171	1,982
Insurance	3,354	3,582
Supplies	615	2,231
Housing project expense	<u>43,500</u>	<u>43,500</u>
Total expenses	<u>106,437</u>	<u>121,575</u>
Change in net income before finance expenses	<u>1,230</u>	<u>1,923</u>
Finance expenses:		
Interest and finance charges	<u>256</u>	<u>1,162</u>
Increase in net assets - unrestricted	974	761
Net assets - beginning of year	<u>11,213</u>	<u>10,452</u>
Net assets - end of year	<u>\$ 12,187</u>	<u>\$ 11,213</u>

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

**Notes to Consolidated Financial Statements
June 30, 2016 and 2015**

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

[4] One Forty Nine Housing Company:

The statements of financial position for this affiliates of June 30, 2016 and 2015, and the statements of its results of operations for the fiscal years then ended, all of which are consolidated herein, are as follows:

	June 30,	
	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 30,895	\$ 31,998
Tenant security deposits held	9,909	10,326
Rents receivable, net	979	3,016
Prepaid expenses	<u>4,491</u>	<u>4,991</u>
Total current assets	46,274	50,331
Reserves and escrow accounts	336,021	276,846
Property and equipment	<u>617,411</u>	<u>762,812</u>
	<u>\$ 999,706</u>	<u>\$ 1,089,989</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 21,372	\$ 22,185
Tenant security deposits held	9,726	10,326
Payable to affiliate	72,621	70,823
Rents received in advance	<u>5,070</u>	<u>981</u>
Total current liabilities	108,789	104,315
Long-term debt	<u>2,441,330</u>	<u>2,441,330</u>
Total liabilities	2,550,119	2,545,645
Partner's deficit	<u>(1,550,413)</u>	<u>(1,455,656)</u>
	<u>\$ 999,706</u>	<u>\$ 1,089,989</u>

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

**Notes to Consolidated Financial Statements
June 30, 2016 and 2015**

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>2016</u>	<u>2015</u>
Income:		
Gross potential rent - tenant	\$ 774,457	\$ 760,368
Less: vacancy loss	<u>(20,440)</u>	<u>(1,534)</u>
Total rental income	754,017	758,834
Interest and other income	<u>5,279</u>	<u>5,974</u>
Total income	<u>759,296</u>	<u>764,808</u>
Expenses:		
Salaries	275,604	286,286
Payroll taxes and employment benefits	92,648	89,943
Professional fees	12,716	18,011
Management fees	74,861	75,412
Administrative expenses	10,979	9,666
Insurance	27,988	27,436
Utilities	83,418	92,506
Supplies	10,116	10,884
Telephone and internet	9,590	9,012
Equipment, maintenance and repair	71,748	39,825
Overhead expenses	12,588	12,588
Food	21,272	19,019
Bad debts expense	1,409	(2,450)
Social and recreation expenses	<u>3,714</u>	<u>1,352</u>
Total expenses	<u>708,651</u>	<u>689,490</u>
Net income before depreciation expense	<u>50,645</u>	<u>75,318</u>
Depreciation expense:		
Depreciation and amortization	<u>145,402</u>	<u>144,975</u>
Total depreciation expense	<u>145,402</u>	<u>144,975</u>
Net loss	(94,757)	(69,657)
Partner's equity deficit - beginning of year	<u>(1,455,656)</u>	<u>(1,385,999)</u>
Partner's equity deficit - end of year	<u>\$ (1,550,413)</u>	<u>\$ (1,455,656)</u>

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

Notes to Consolidated Financial Statements
June 30, 2016 and 2015

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

[5] Borinquen Court Housing Company, Inc.:

The statements of financial position for this affiliate as of June 30, 2016 and 2015, and the statements of its results of operations for the fiscal years then ended, all of which are consolidated herein, are as follows:

	June 30,	
	2016	2015
ASSETS		
Investments in partnership	\$ 1,551,306	\$ 1,550,116
Prepaid and other	<u>110</u>	<u> </u>
	<u>\$ 1,551,416</u>	<u>\$ 1,550,116</u>
LIABILITIES AND NET ASSETS		
Current liabilities - payable to affiliate:	\$ 5,939	\$ 570
Capital	<u>1,545,477</u>	<u>1,549,546</u>
	<u>\$ 1,551,416</u>	<u>\$ 1,550,116</u>
	Year Ended June 30,	
	2016	2015
Income:		
Interest income and other	<u>\$ 0</u>	<u>\$ 393</u>
Expenses:		
Administrative expenses	<u>4,069</u>	<u>1,119</u>
Net loss	(4,069)	(726)
Capital - beginning of year	1,549,546	1,506,772
Capital contribution during the year	<u> </u>	<u>43,500</u>
Capital - end of year	<u>\$ 1,545,477</u>	<u>\$ 1,549,546</u>

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

**Notes to Consolidated Financial Statements
June 30, 2016 and 2015**

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

[6] Euclid Hall HDFC:

The statements of financial position for this affiliates of June 30, 2016 and 2015, and the statements of its results of operations for the fiscal years then ended, all of which are consolidated herein, are as follows:

	June 30,	
	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 846,271	\$ 884,810
Tenant security deposits held	31,068	34,273
Rents receivable, net	73,827	131,935
Due from affiliates		73,916
Other receivable	22,371	13,082
Prepaid expenses	<u>27,564</u>	<u>30,438</u>
Total current assets	1,001,101	1,168,454
Reserves and escrow accounts	4,200,058	3,837,842
Security deposits	8,545	26,330
Property and equipment	<u>24,863,303</u>	<u>25,105,016</u>
	<u>\$ 30,073,007</u>	<u>\$ 30,137,642</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 173,387	\$ 238,441
Accrued interest payable	349,247	238,734
Tenant security deposits held	31,068	34,273
Due to affiliates	7,959	
Rents received in advance	<u>16,581</u>	<u>11,497</u>
Total current liabilities	578,242	522,945
Long-term debt	<u>22,102,652</u>	<u>22,102,652</u>
Total liabilities	22,680,894	22,625,597
Unrestricted net assets	<u>7,392,113</u>	<u>7,512,045</u>
	<u>\$ 30,073,007</u>	<u>\$ 30,137,642</u>

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

**Notes to Consolidated Financial Statements
June 30, 2016 and 2015**

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

[6] Euclid Hall HDFC: (continued)

	<u>June 30,</u>	
	<u>2016</u>	<u>2015</u>
Income:		
Gross potential rent - tenant	\$ 2,592,374	\$ 2,589,945
Less: vacancy loss	<u>(10,291)</u>	<u>(57,014)</u>
Net residential income	<u>2,582,083</u>	<u>2,532,931</u>
Gross potential rent - commercial	32,284	34,848
Less: Rent concessions		<u>(157)</u>
Net Commercial rent	<u>32,284</u>	<u>34,691</u>
Total rental income	2,614,367	2,567,622
Interest and other income	<u>61,315</u>	<u>106,733</u>
Total income	<u>2,675,682</u>	<u>2,674,355</u>
Expenses:		
Salaries	752,368	752,928
Payroll taxes and employment benefits	323,558	306,497
Professional fees	113,442	108,562
Management fees	213,217	199,833
Telephone and internet	4,909	4,404
Administrative expenses	50,801	38,658
Insurance	122,340	119,592
Rent	37,704	37,025
Utilities	357,250	386,377
Supplies	26,015	23,556
Equipment, maintenance and repair	168,684	177,819
Overhead expenses	50,387	50,388
Bad debts expense	<u>13,757</u>	<u>12,351</u>
Total expenses	<u>2,234,432</u>	<u>2,217,990</u>
Change in net asset before finance, and depreciation expenses	<u>441,250</u>	<u>456,365</u>
Finance and depreciation expenses:		
Interest and finance charges	116,562	124,025
Depreciation and amortization	<u>444,620</u>	<u>434,607</u>
Total finance and depreciation expenses	<u>561,182</u>	<u>558,632</u>
Change in net assets	(119,932)	(102,267)
Net assets - beginning of year	<u>7,512,045</u>	<u>7,614,312</u>
Net assets - end of year	<u>\$ 7,392,113</u>	<u>\$ 7,512,045</u>

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

**Notes to Consolidated Financial Statements
June 30, 2016 and 2015**

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

[7] Two Hundred and Six Associates:

The statement of financial position for this affiliate as of June 30, 2016, and the statement of its results of operations for the period from January 1, 2016 through June 30, 2016, all of which are consolidated herein, is as follows:

	<u>June 30, 2016</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 185,148
Rents receivable, net	412
Other receivable	340
Prepaid expenses	<u>1,402</u>
Total current assets	187,302
Reserves and escrow account	9,068
Property and equipment	<u>2,226,539</u>
	<u>\$ 2,422,909</u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable and accrued expenses	\$ 106
Due to affiliates	<u>401,713</u>
Total current liabilities	401,819
Accrued interest payable	261,624
Long-term debt	<u>1,150,000</u>
Total liabilities	1,813,443
Partner's Capital	<u>609,466</u>
	<u>\$ 2,422,909</u>

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

**Notes to Consolidated Financial Statements
June 30, 2016 and 2015**

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

[7] Two Hundred Six Associates: (continued)

	Period January 1, 2016 through June 30, 2016
Income:	
Gross potential rent - tenant	\$ 27,904
Less: vacancy loss	<u>(474)</u>
Total rental income	<u>27,430</u>
Contribution and grants	61,002
Interest and other income	<u>167</u>
Total income	<u>88,599</u>
Expenses:	
Salaries	8,119
Payroll taxes and employment benefits	2,368
Professional fees	2,591
Management fees	2,521
Administrative expenses	1,575
Insurance	4,796
Utilities	22,928
Supplies	624
Equipment, maintenance and repair	<u>21,356</u>
Total expenses	<u>66,878</u>
Net loss before finance and depreciation expenses	<u>21,721</u>
Finance and depreciation expenses:	
Interest and finance charges	7,772
Depreciation and amortization	<u>47,396</u>
Total finance and depreciation expenses	<u>55,168</u>
Net loss	(33,447)
Partner's equity - January 1, 2016	<u>642,913</u>
Partner's equity - June 30, 2016	<u>\$ 609,466</u>