

HARLEM CONGREGATIONS FOR COMMUNITY
IMPROVEMENT, INC.

CONSOLIDATED FINANCIAL STATEMENTS,
Other Financial Information and
Reports Required by Government Auditing
Standards and OMB Circular A-133

JUNE 30, 2014 AND JUNE 30, 2013

TYRONE ANTHONY SELLERS
Certified Public Accountant

HARLEM CONGREGATIONS FOR COMMUNITY IMPROVEMENT, INC.

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TYRONE ANTHONY SELLERS
Certified Public Accountant

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Independent Auditor's Report

To the Board of Directors
Harlem Congregations for
Community Improvement, Inc.
New York, NY

Report on the Financial Statements

I have audited the accompanying consolidated financial statements of Harlem Congregations for Community Improvement, Inc. ("the Organization"), which comprises of the consolidated statements of financial position as of June 30, 2014 and 2013 and the related consolidated statements of activities and change in net assets, 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

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

My responsibility is to express an opinion on these consolidated financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Harlem Congregations for Community Improvement, Inc. 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.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of

Member

additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated January 15, 2015 on my consideration of Harlem Congregations for Community Improvement, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harlem Congregations for Community Improvement, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Tyrone Anthony Sellers". The signature is written in a cursive style with a large, sweeping initial "T".

St. Albans, New York
January 15, 2015

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TYRONE ANTHONY SELLERS
Certified Public Accountant

HARLEM CONGREGATIONS FOR COMMUNITY IMPROVEMENT, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 122,428	\$ 289,160
Professional fees receivable - net	3,164,010	2,285,414
Grants/Pledges receivable	385,545	272,589
Rent receivable - current	187,610	129,647
Due from affiliates	26,658	51,774
Prepaid expenses and other receivables	178,322	26,041
Total Current Assets	4,064,573	3,054,625
<u>Fixed Assets</u>		
Leasehold improvements	334,642	210,803
Furniture and equipment	757,601	750,025
Less: Accumulated depreciation & amortization	(929,758)	(902,008)
Net Fixed Assets	162,485	58,820
<u>Other Assets</u>		
Security deposits cash	27,366	26,799
Security deposits receivable	80,020	80,020
Rent receivable - long-term	392,176	392,176
Investments	386,545	314,498
Total Other Assets	886,107	813,493
Total Assets	\$ 5,113,165	\$ 3,926,938
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Line of credit	\$ 750,000	\$ 50,000
Accounts payable and accrued expenses	605,943	396,690
Accrued payroll and related taxes	212,724	193,740
Deferred grant/fee revenue	133,987	151,904
Due to limited partnerships	612,128	424,327
Other liabilities	151,762	177,213
Security deposits payable	32,366	31,799
Long-term debt - current portion	14,625	28,125
Total Liabilities	2,513,535	1,453,798
<u>Long-term Liabilities</u>		
Long-term debt - less current portion	27,774	61,524
<u>Net Assets</u>		
Unrestricted	2,221,856	2,061,616
Temporarily restricted	-	-
Permanently restricted	350,000	350,000
Total Net Assets	2,571,856	2,411,616
Total Liabilities and Net Assets	\$ 5,113,165	\$ 3,926,938

The accompanying notes are an integral part of this statement.

TYRONE ANTHONY SELLERS
Certified Public Accountant

HARLEM CONGREGATIONS FOR COMMUNITY IMPROVEMENT, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support and Revenue</u>				
Grant revenue	\$ 1,831,371	\$ -	\$ -	\$ 1,831,371
Contributions	3,088	—	—	3,088
Fee income	1,667,845	—	—	1,667,845
Scatter site administrative income	124,115	—	—	124,115
Fundraising	159,296	—	—	159,296
Rental income	526,772	—	—	526,772
Other revenue	56,615	—	—	56,615
Interest and dividend income	391	—	—	391
	<u>4,369,493</u>	<u>—</u>	<u>—</u>	<u>4,369,493</u>
Total Support and Revenue	4,369,493	—	—	4,369,493
Net assets released from restrictions	—	—	—	—
Total Support and Revenue	<u>4,369,493</u>	<u>—</u>	<u>—</u>	<u>4,369,493</u>
<u>Expenses</u>				
<u>Program Services</u>				
Scatter Sites Housing Program	1,757,408	—	—	1,757,408
Real Estate Activities	985,581	—	—	985,581
Other Program Services	525,421	—	—	525,421
	<u>3,268,410</u>	<u>—</u>	<u>—</u>	<u>3,268,410</u>
Total Program Services	3,268,410	—	—	3,268,410
<u>Supporting Services</u>				
Management and general	802,811	—	—	802,811
Fund raising	138,032	—	—	138,032
	<u>940,843</u>	<u>—</u>	<u>—</u>	<u>940,843</u>
Total Supporting Services	940,843	—	—	940,843
Total Expenses	<u>4,209,253</u>	<u>—</u>	<u>—</u>	<u>4,209,253</u>
Change in net assets	160,240	—	—	160,240
Net assets at beginning of year	<u>2,061,616</u>	<u>—</u>	<u>350,000</u>	<u>2,411,616</u>
Net assets at end of year	<u>\$ 2,221,856</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 2,571,856</u>

The accompanying notes are an integral part of this statement.

TYRONE ANTHONY SELLERS
Certified Public Accountant

HARLEM CONGREGATIONS FOR COMMUNITY IMPROVEMENT, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support and Revenue</u>				
Grant revenue	\$ 2,096,309	\$ -	\$ -	\$ 2,096,309
Contributions	2,673	—	—	2,673
Fee income	1,537,118	—	—	1,537,118
Scatter site administrative income	130,835	—	—	130,835
Fundraising	189,430	—	—	189,430
Rental income	318,339	—	—	318,339
Other revenue	30,680	—	—	30,680
Interest and dividend income	932	—	—	932
	<u>4,306,316</u>	<u>—</u>	<u>—</u>	<u>4,306,316</u>
Net assets released from restrictions	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Support and Revenue	<u>4,306,316</u>	<u>—</u>	<u>—</u>	<u>4,306,316</u>
<u>Expenses</u>				
<u>Program Services</u>				
Scatter Sites Housing Program	1,764,128	—	—	1,764,128
Real Estate Activities	915,278	—	—	915,278
Other Program Services	525,421	—	—	525,421
	<u>3,204,827</u>	<u>—</u>	<u>—</u>	<u>3,204,827</u>
<u>Supporting Services</u>				
Management and general	802,811	—	—	802,811
Fund raising	138,032	—	—	138,032
	<u>940,843</u>	<u>—</u>	<u>—</u>	<u>940,843</u>
Total Expenses	<u>4,145,670</u>	<u>—</u>	<u>—</u>	<u>4,145,670</u>
Change in net assets	160,646	—	—	160,646
Net assets at beginning of year	<u>1,900,970</u>	<u>—</u>	<u>350,000</u>	<u>2,250,970</u>
Net assets at end of year	<u>\$ 2,061,616</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 2,411,616</u>

The accompanying notes are an integral part of this statement.

TYRONE ANTHONY SELLERS
Certified Public Accountant

HARLEM CONGREGATIONS FOR COMMUNITY IMPROVEMENT, INC.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2014

	Scattered Site Housing Program	Real Estate Activities	Other Program Services	Management and General	Fundraising Expenses	Total
Salaries	\$ 574,459	\$ 448,109	\$ 207,520	\$ 351,627	\$ -	\$ 1,581,715
Payroll taxes and related expenses	160,849	155,810	127,410	136,132	—	580,201
Consultant fees	—	71,973	61,284	104,580	—	237,837
Professional and contractual services	6,808	71,472	84	40,731	—	119,095
Administrative expense	124,115	786	—	—	—	124,901
Rent expense	734,914	37,049	38,772	14,841	—	825,576
Advertising and marketing	—	(12,062)	3,100	15,470	—	6,508
Insurance	37,055	21,957	4,946	2,959	—	66,917
Utilities	23,258	(25,251)	20,600	9,401	—	28,008
Equipment/furnishings expense	34,637	19,772	2,992	186	—	57,587
Repairs and maintenance	15,183	(21,364)	20,964	16,370	—	31,153
Office expenses	40,412	42,739	6,064	50,039	—	139,254
Travel, training and conferences	5,718	26,391	4,946	9,693	—	46,748
Contributions, dues and subscriptions	—	(11,047)	6,675	20,230	—	15,858
Service fees	—	2,410	4,736	3,518	—	10,664
Bad debts	—	84,523	—	—	—	84,523
Bank and finance charges	—	5,275	197	5,147	—	10,619
Special events and fundraising	—	(5,072)	10,967	7,342	138,032	151,269
Depreciation and amortization	—	13,667	1,262	12,821	—	27,750
Share of loss in limited partnerships	—	356	—	—	—	356
Miscellaneous	—	58,088	2,902	1,724	—	62,714
Total	<u>\$ 1,757,408</u>	<u>\$ 985,581</u>	<u>\$ 525,421</u>	<u>\$ 802,811</u>	<u>\$ 138,032</u>	<u>\$ 4,209,253</u>

FOR THE YEAR ENDED JUNE 30, 2013

	Scattered Site Housing Program	Real Estate Activities	Other Program Services	Management and General	Fundraising Expenses	Total
Salaries	\$ 574,459	\$ 297,582	\$ 207,520	\$ 351,627	\$ -	\$ 1,431,188
Payroll taxes and related expenses	160,849	118,514	127,410	136,132	—	542,905
Consultant fees	—	62,268	61,284	104,580	—	228,132
Professional and contractual services	6,808	62,909	84	40,731	—	110,532
Administrative expense	130,835	—	—	—	—	130,835
Rent expense	734,914	186,218	38,772	14,841	—	974,745
Advertising and marketing	—	—	3,100	15,470	—	18,570
Insurance	37,055	—	4,946	2,959	—	44,960
Utilities	23,258	7,017	20,600	9,401	—	60,276
Equipment/furnishings expense	34,637	14,245	2,992	186	—	52,060
Repairs and maintenance	15,183	34,147	20,964	16,370	—	86,664
Subcontractor expense	—	67,199	—	—	—	67,199
Office expenses	40,412	24,580	6,064	50,039	—	121,095
Travel, training and conferences	5,718	4,915	4,946	9,693	—	25,272
Contributions, dues and subscriptions	—	110	6,675	20,230	—	27,015
Service fees	—	1,541	4,736	3,518	—	9,795
Bank and finance charges	—	5,689	197	5,147	—	11,033
Special events and fundraising	—	1,256	10,967	7,342	138,032	157,597
Depreciation and amortization	—	496	1,262	12,821	—	14,579
Share of loss in limited partnerships	—	428	—	—	—	428
Miscellaneous	—	26,164	2,902	1,724	—	30,790
Total	<u>\$ 1,764,128</u>	<u>\$ 915,278</u>	<u>\$ 525,421</u>	<u>\$ 802,811</u>	<u>\$ 138,032</u>	<u>\$ 4,145,670</u>

The accompanying notes are an integral part of these statements.

TYRONE ANTHONY SELLERS
Certified Public Accountant

HARLEM CONGREGATIONS FOR COMMUNITY IMPROVEMENT, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ 160,240	\$ 160,646
<u>Adjustments to reconcile change in net assets to net cash (used in)/provided by operating activities</u>		
Depreciation and amortization	27,750	14,579
Increase in professional fees receivable	(878,596)	(395,555)
(Increase)/decrease in grants/pledges receivable	(112,956)	362,662
(Increase)/decrease in accounts receivable	(57,963)	119,671
Decrease/(increase) in due from affiliates	25,116	(11,388)
Increase in prepaid expenses and other receivables	(152,281)	(1,975)
Decrease in security deposits cash	(567)	(5,447)
Increase/(decrease) in accounts payable and accrued expenses	209,253	(144,334)
Increase/(decrease) in accrued payroll and related taxes	18,984	(12,539)
(Decrease)/increase in deferred grant/fee revenue	(17,917)	127,086
Increase in due to limited partnerships	187,801	17,004
Decrease in other liabilities	(25,451)	(11,316)
Increase security deposits payable	567	10,447
Total adjustments	<u>(776,260)</u>	<u>68,895</u>
Net cash (used in)/provided by operating activities	<u>(616,020)</u>	<u>229,541</u>
<u>Cash Flows From Investing Activities</u>		
Increase in investments	(72,047)	-
Increase in leasehold improvements	(123,839)	(9,235)
Increase in furniture and equipment	<u>(7,576)</u>	<u>(59,655)</u>
Net cash used in investing activities	<u>(203,462)</u>	<u>(68,890)</u>
<u>Cash Flows From Financing Activities</u>		
Increase in line of credit	700,000	50,000
Decrease in long-term debt	<u>(47,250)</u>	<u>(29,250)</u>
Net cash provided by investing activities	<u>652,750</u>	<u>20,750</u>
Net (decrease)/increase in cash	(166,732)	181,401
Cash balance of beginning of year	<u>289,160</u>	<u>107,759</u>
Cash balance at end of year	<u>\$ 122,428</u>	<u>\$ 289,160</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

TYRONE ANTHONY SELLERS
Certified Public Accountant

HARLEM CONGREGATIONS FOR COMMUNITY IMPROVEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Harlem Congregation for Community Improvement, Inc. ("HCCI") is a non-profit organization incorporated in April 29, 1988 under the not-for-profit Corporation Law of the State of New York. The primary purpose of HCCI is to undertake low-income housing and community development in Harlem community of New York, New York. HCCI has developed numerous housing projects in the Harlem community. Developments include various low-income housing tax credit limited partnerships. These partnerships have, as their general partners, entities which are owned by HCCI and these wholly-owned for-profit subsidiaries own from 0.01% to a 1% interest in the real estate limited partnerships that own the buildings. HCCI provides professional services to these limited partnerships.

Other activities of HCCI include the Scatter Site Housing Program, which provides housing and related assistance to persons with AIDS (Acquired Immune Deficiency Syndrome).

The accompanying consolidated financial statements included the financial statements of the following wholly-owned subsidiaries:

HCCI Homeowners Corporation
 Harlem Equitable Development Corporation and its Subsidiary
 15-21 West 137th Street Corporation
 Angelou of Harlem, Inc.
 Creations of Harlem, Inc.
 Eden of Harlem, Inc.
 HCCI 203 West 146th Street GP, Inc.
 HCCI 263 West 153rd Street GP, Inc.
 Macombs Manor of Harlem, Inc.
 Parkside of Harlem, Inc.
 West 147th Street Apartments, Inc.
 West 149th Street GP, Inc.
 Zipporah of Harlem, Inc.

The wholly-owned subsidiaries are corporations in which HCCI, directly or indirectly, owns more than 50% of the outstanding voting securities or those in which HCCI has effective control over operations. All significant inter-company transactions and balances have been eliminated in consolidation. The wholly-owned subsidiaries, except for HCCI Homeowners Corporation and Harlem Equitable Development Corporation, own a 0.01% to 1% interest in the following real estate limited partnerships, which uses the cost method of accounting.

Wholly-Owned Subsidiary

15-21 West 137th Street Corporation
 Angelou of Harlem, Inc.
 Creations of Harlem, Inc.
 Eden of Harlem, Inc.
 HCCI 203 West 146th Street GP, Inc.
 HCCI 263 West 153rd Street GP, Inc.
 Macombs Manor of Harlem, Inc.
 Parkside of Harlem, Inc.
 West 147th Street Apartments, Inc.
 West 149th Street GP, Inc.
 Zipporah of Harlem, Inc.

Limited Partnership

West 137th Street, LP
 Angelou Associates, LP
 Creations Associates, LP
 Garden of Eden Associates, LP
 203 West 146th Street, LP
 263 West 153rd Street, LP
 Macombs Manor Associates, LP
 Parkside Plaza Associates, LP
 West 147th Street Apartments, LP
 West 149th Street Apartments, LP
 Zipporah Associates, LP

TYRONE ANTHONY SELLERS
Certified Public Accountant

HARLEM CONGREGATIONS FOR COMMUNITY IMPROVEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting: HCCI prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expense when the obligation is incurred.

Contributions: Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets and then reclassified to unrestricted net assets when the restriction expires. Restricted contributions received and expensed in the same fiscal year are reflected as unrestricted revenues.

Income Tax Status: HCCI is exempt from income taxes on its exempt activities under the provisions of Section 501(c) (3) of the Internal Revenue Code (IRC). However, the wholly-owned subsidiaries are not exempt from corporate income taxes and accordingly are subject to federal, New York State and New York City income taxes. In addition, HCCI believes that it has appropriate support for income tax positions taken. Therefore, management has not identified any uncertain tax positions. HCCI believes it is no longer subject to federal, state, and local income tax examinations by taxing authorities for fiscal years ending before June 30, 2011.

Service Fees: Fee revenues on various projects are recognized based on the nature and structure of various fee service agreements. Certain service fees are recognized on percentage of completion basis and some fees are recognized based on qualifying expenses incurred for the project.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Assets: For the financial statement purposes, net assets are classified as unrestricted – represents funds available for HCCI's general operations. Temporarily restricted – represents the portion of net assets that have been restricted by donors for either specified purposes or timing of use. Permanently restricted – represents the portion of net assets that have been restricted by donors who require the principal of the gift to be maintained in perpetuity with only the earnings to be used for a specified purpose.

Fixed Assets and Depreciation: HCCI capitalizes all fixed assets at cost. Depreciation of fixed assets has been provided using the straight-line method over the estimated useful lives of the assets of three to five years.

Deferred grant/fee revenue: Deferred grant/fee revenue consists of grant and contract receipts, and fees received in advance of the periods to which they are to be earned, and if not earned the advance(s) will have to be returned.

Subsequent events: Subsequent events have been evaluated through January 15, 2015, which is the date the financial statements were available to be issued.

Cash and Cash Equivalents: HCCI maintains its cash in bank deposit accounts which at times may exceed federally insured limits. HCCI has not experienced any losses in such accounts. HCCI believes it is not exposed to any significant credit risk on cash. For financial statement purposes, HCCI considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments: Investments in limited partnership through HCCI's wholly-owned subsidiaries and certain real estate projects are reported at cost.

Functional Allocation of Expense: The costs of providing various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

TYRONE ANTHONY SELLERS
Certified Public Accountant

HARLEM CONGREGATIONS FOR COMMUNITY IMPROVEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 2 – PROFESSIONAL FEES RECEIVABLE

HCCI renders development, management and marketing services to the limited partnerships in which its wholly-owned subsidiaries are general partners, in addition to marketing services to other entities. Professional fees receivable are stated at the amount earned net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of the receivables. It is reasonably possible that management's estimate of the allowance will change.

Professional fees receivable as of June 30, 2014 and 2013 consisted of the following:

	<u>6/30/14</u>	<u>6/30/13</u>
Partnership & Property Management Fees	\$ 1,920,190	\$ 1,505,463
Development Fees	1,079,881	686,024
Asset Management Fees	164,614	10,000
Social Service Fees	70,454	10,832
Technical Assistant Fees	32,565	42,265
Other	<u>-0-</u>	<u>50,000</u>
Gross professional fees receivable	3,267,704	2,304,584
Less allowance for doubtful accounts	<u>(103,694)</u>	<u>(19,170)</u>
Net professional fees receivable	<u>\$ 3,164,010</u>	<u>\$ 2,285,414</u>

NOTE 3 – DUE FROM AFFILIATES

Due from affiliates represent the net results of transactions among various non-consolidated affiliates. The total amount due from affiliates as of June 30, 2014 and 2013 was \$27,193 and \$51,774, respectively.

NOTE 4 – GRANTS/PLEDGES RECEIVABLE

As of June 30, 2014 and 2013, grants/pledges receivable consist of the following:

	<u>6/30/14</u>	<u>06/30/13</u>
Government agencies	\$ 348,902	\$ 245,414
Foundations, Corporations & Individuals	<u>36,643</u>	<u>23,175</u>
Total	<u>\$ 385,545</u>	<u>\$ 272,589</u>

NOTE 5 – RENT RECEIVABLE – CURRENT

Rent receivable current consists of rent due from commercial sublet tenants of \$187,609 net of an allowance for doubtful accounts of \$11,896. Management's estimate of the allowance is based on historical collection experience and a review of the current status of the receivables. It is reasonably possible that management's estimate of the allowance will change.

NOTE 6 – RENT RECEIVABLE – LONG-TERM

HCCI entered into an agreement with one of its sub-tenants for arrears due for rent. The agreement provides for the sub-tenant to stay current on the rent payments due while the arrears amount of \$392,176 is deferred until October 2041, the end of the lease term.

TYRONE ANTHONY SELLERS
Certified Public Accountant

HARLEM CONGREGATIONS FOR COMMUNITY IMPROVEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 7 – INVESTMENTS

HCCI's investments in limited partnerships, through its wholly-owned subsidiaries, are reported at cost, representing the investee's common stock. The investments in the common stock of the wholly-owned subsidiaries, which have been eliminated upon consolidation, are as follows:

<u>Entity</u>	<u>06/30/14</u>	<u>06/30/13</u>
15-21 West 137 th Street Corporation	\$ 100	\$ 100
60 St. Nicholas, Inc	100	100
Angelou of Harlem, Inc.	100	100
Creations of Harlem, Inc.	2,000	2,000
Eden of Harlem, Inc.	100	100
Macombs Manor of Harlem, Inc.	100	100
Parkside of Harlem, Inc.	100	100
Zipporah of Harlem, Inc.	<u>2,500</u>	<u>2,500</u>
Total	<u>\$ 5,100</u>	<u>\$ 5,100</u>

HCCI's investment in the common stock of a wholly-owned subsidiary engaged in real estate which has been eliminated upon consolidation is as follows:

<u>Entity</u>	<u>06/30/14</u>	<u>06/30/13</u>
HCCI Homeowners Corporation	<u>\$ 100</u>	<u>\$ 100</u>

Investments in various real estate projects, which are reported at cost included in these consolidated financial statements are as follows:

<u>Entity</u>	<u>06/30/14</u>	<u>06/30/13</u>
Hurston Place HDFC	\$ 39,498	\$ 39,498
David Dinkins Apartments	72,047	-0-
Sutton 1 HDFC	<u>275,000</u>	<u>275,000</u>
Total	<u>\$ 386,545</u>	<u>\$ 314,498</u>

NOTE 8 – LINE OF CREDIT

HCCI has an unsecured revolving line of credit for \$100,000, subsequently increased to \$250,000 on February 28, 2014, with a certain financial institution to be drawn upon as needed with an interest of 4.75%. As of June 30, 2014, the outstanding balance under the line of credit was \$250,000.

On December 23, 2013, HCCI entered into another unsecured revolving line of credit for \$500,000 with a certain financial institution to be drawn upon as needed with an interest of 5.00%. As of June 30, 2014, the outstanding balance under the line of credit was \$500,000.

NOTE 9 – DUE TO LIMITED PARTNERSHIPS

Due to limited partnerships represent various net transactions between HCCI and the limited partnerships, as well as, the assumed share of the wholly-owned subsidiary general partners' losses in the limited partnerships. The wholly-owned subsidiaries have a 0.01% to 1% interest in the limited partnerships. The limited partnerships provide affordable housing to persons of low income under the Low Income Housing Tax Credit program as define by Section 42 of the Internal Revenue Code. Due to limited partnerships for the years ended June 30, 2014 and 2013 was \$604,481 and \$424,327, respectively.

TYRONE ANTHONY SELLERS
Certified Public Accountant

HARLEM CONGREGATIONS FOR COMMUNITY IMPROVEMENT, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 10 – LONG-TERM DEBT

As of June 30, 2014 and 2013, long-term debt consists of the following:

	<u>06/30/14</u>	<u>06/30/13</u>
Capital lease obligations	\$ 42,399	\$ 86,649
Less current portion	(14,625)	(28,125)
Net long-term balance	<u>\$ 27,774</u>	<u>\$ 61,524</u>

NOTE 11 – COMMITMENTS AND CONTINGENCIES

- 1) HCCI leases office and commercial facilities from several of its sponsored limited partnerships and leases residential apartments for its Scatter Site Program. HCCI utilizes the space for administrative and programmatic functions and has sublet some of the commercial spaces. The lease agreements expire at various times through 2021. Minimum annual rental commitments under non-cancelable leases for the next 5 years and thereafter are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2014	\$ 56,050
2015	56,050
2016	56,050
2017	56,050
2018	56,050
Thereafter	<u>168,150</u>
Total	<u>\$ 448,400</u>

- 2) HCCI has provided guarantees to various limited partnerships for the obligations under partnership agreements of its wholly-owned subsidiaries' general partner interest in those partnerships. Nature of these guarantees is such that amounts of guarantees cannot be quantified.
- 3) Certain government and other grants may be subject to audit by the funding sources. No provision has been made for any liabilities which may arise from such audits since the amounts, if any, cannot be determined at this point in time. Disallowances or adjustments, if any, will be reflected in the financial statements in the year of settlement.

NOTE 12 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following at June 30, 2014 and 2013:

	<u>06/30/14</u>	<u>06/30/13</u>
HCCI Loan Fund	\$ 300,000	\$ 300,000
Other	<u>50,000</u>	<u>50,000</u>
Total	<u>\$ 350,000</u>	<u>\$ 350,000</u>

NOTE 13 – RETIREMENT PLAN

HCCI offers a deferred annuity 403(b) investment plan for all its full-time employees meeting certain age and service requirements. All employee contributions are voluntary and HCCI does not make any matching or contribution amounts.

TYRONE ANTHONY SELLERS
Certified Public Accountant

HARLEM CONGREGATIONS FOR COMMUNITY IMPROVEMENT, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development		
Pass-Through Awards		
New York City Human Resource Administration – Housing Opportunities for Persons with AIDS	14.241	\$ 1,593,619
NYC Department of Small Business Services – Entitlement Grant Program	14.218	<u>24,884</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 1,618,503</u>
Total Expenditures of Federal Awards		<u>\$ 1,618,503</u>

TYRONE ANTHONY SELLERS
Certified Public Accountant

HARLEM CONGREGATIONS FOR COMMUNITY IMPROVEMENT, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2014

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Harlem Congregations for Community Improvement, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of Harlem Congregations for Community Improvement, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Harlem Congregations for Community Improvement, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

TYRONE ANTHONY SELLERS
Certified Public Accountant

Independent Auditor's Report on the Other Financial Information

To the Board of Directors
Harlem Congregations for
Community Improvement, Inc.
New York, NY

I have audited the financial statements of Harlem Congregations for Community Improvement, Inc. as of and for the year ended June 30, 2014, and have issued my report thereon dated January 15, 2015, which contained an unqualified opinion on those financial statements. My audit was performed for the purpose of forming an opinion on the financial statements as a whole. The balance sheets and statements of activities and change in net assets on pages 16-17 are presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



St. Albans, New York
January 15, 2015

HARLEM CONGREGATION FOR COMMUNITY IMPROVEMENT, INC.

OTHER FINANCIAL INFORMATION - BALANCE SHEETS

AS OF JUNE 30, 2014

	Harlem Congregations for Community Improvement	HCCI Homeowners Corporation	Harlem Equitable Development Corporation	Wholly-owned General Partner Corporations	Eliminations	Total
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 115,649	\$ 610	\$ 2,216	\$ 3,953	\$ -	\$ 122,428
Professional fees receivable - net	3,164,010	—	—	—	—	3,164,010
Grants/Pledges receivable	385,545	—	—	—	—	385,545
Rent receivable - net	187,610	—	—	—	—	187,610
Due from affiliates	(39,338)	(59,598)	65,996	(1,051,241)	1,110,839	26,658
Prepaid expenses and other receivables	178,251	—	—	71	—	178,322
Total Current Assets	<u>3,991,727</u>	<u>(58,988)</u>	<u>68,212</u>	<u>(1,047,217)</u>	<u>1,110,839</u>	<u>4,064,573</u>
Fixed Assets						
Leasehold improvements	334,642	—	—	—	—	334,642
Furniture and equipment	757,601	—	—	—	—	757,601
Less: Accumulated depreciation & amortization	(929,758)	—	—	—	—	(929,758)
Net Fixed Assets	<u>162,485</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>162,485</u>
Other Assets						
Security deposits cash	27,366	—	—	—	—	27,366
Security deposits receivable	80,020	—	—	—	—	80,020
Rent receivable - long-term	392,176	—	—	—	—	392,176
Investments	391,745	—	—	553,911	(559,111)	386,545
Total Other Assets	<u>891,307</u>	<u>—</u>	<u>—</u>	<u>553,911</u>	<u>(559,111)</u>	<u>886,107</u>
Total Assets	<u>\$ 5,045,519</u>	<u>\$ (58,988)</u>	<u>\$ 68,212</u>	<u>\$ (493,306)</u>	<u>\$ 551,728</u>	<u>\$ 5,113,165</u>
LIABILITIES AND NET ASSETS						
Current Liabilities						
Line of credit	\$ 750,000	\$ -	\$ -	\$ -	\$ -	\$ 750,000
Accounts payable and accrued expenses	583,356	-	-	22,587	-	605,943
Accrued payroll and related taxes	212,724	-	-	-	-	212,724
Deferred grant/fee revenue	133,987	-	-	-	-	133,987
Due to limited partnerships	515,122	-	-	(996,418)	1,093,424	612,128
Other liabilities	22,652	-	-	129,110	-	151,762
Security deposits payable	32,366	-	-	-	-	32,366
Long-term debt - current portion	14,625	-	-	-	-	14,625
Total Liabilities	<u>2,264,832</u>	<u>—</u>	<u>—</u>	<u>(844,721)</u>	<u>1,093,424</u>	<u>2,513,535</u>
Long-term Liabilities						
Long-term debt - less current portion	<u>27,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,774</u>
Net Assets						
Unrestricted	2,402,913	(58,988)	68,212	351,415	(541,696)	2,221,856
Temporarily restricted	—	—	—	—	—	—
Permanently restricted	350,000	—	—	—	—	350,000
Total Net Assets	<u>2,752,913</u>	<u>(58,988)</u>	<u>68,212</u>	<u>351,415</u>	<u>(541,696)</u>	<u>2,571,856</u>
Total Liabilities and Net Assets	<u>\$ 5,045,519</u>	<u>\$ (58,988)</u>	<u>\$ 68,212</u>	<u>\$ (493,306)</u>	<u>\$ 551,728</u>	<u>\$ 5,113,165</u>

See Auditor's Report dated January 15, 2015.

The accompanying notes are an integral part of this statement.

TYRONE ANTHONY SELLERS
Certified Public Accountant

HARLEM CONGREGATIONS FOR COMMUNITY IMPROVEMENT, INC.

OTHER FINANCIAL INFORMATION - STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2014

	Harlem Congregations for Community Improvement	HCCI Homeowners Corporation	Harlem Equitable Development Corporation	Wholly-owned General Partner Corporations	Eliminations	Total
Support and Revenue						
Grant revenue	\$ 1,831,371	\$ -	\$ -	\$ -	\$ -	\$ 1,831,371
Contributions	3,088	—	—	—	—	3,088
Fee income	1,689,214	—	152,898	193,496	(367,763)	1,667,845
Scatter site administrative income	124,115	—	—	—	—	124,115
Fundraising	159,296	—	—	—	—	159,296
Rental income	526,772	—	—	—	—	526,772
Other revenue	29,610	22,067	—	4,938	—	56,615
Interest and dividend income	256	—	—	135	—	391
Total Support and Revenue	4,363,722	22,067	152,898	198,569	(367,763)	4,369,493
Expenses						
Salaries	1,581,715	—	—	—	—	1,581,715
Payroll taxes and related expenses	580,201	—	—	—	—	580,201
Consultant fees	237,837	—	—	—	—	237,837
Professional and contractual services	112,295	—	152,898	221,665	(367,763)	119,095
Administrative expense	124,115	—	786	—	—	124,901
Rent expense	825,576	—	—	—	—	825,576
Advertising and marketing	6,508	—	—	—	—	6,508
Insurance	66,917	—	—	—	—	66,917
Utilities	28,008	—	—	—	—	28,008
Equipment/furnishings expense	57,587	—	—	—	—	57,587
Repairs and maintenance	31,153	—	—	—	—	31,153
Office expense	139,254	—	—	—	—	139,254
Travel, training and conferences	46,748	—	—	—	—	46,748
Contributions, dues and subscriptions	15,858	—	—	—	—	15,858
Service fees	10,664	—	—	—	—	10,664
Bad debts	84,523	—	—	—	—	84,523
Bank and finance charges	10,619	—	—	—	—	10,619
Special event fundraising	151,269	—	—	—	—	151,269
Depreciation and amortization	27,750	—	—	—	—	27,750
Share of loss in limited partnerships	—	—	—	356	—	356
Miscellaneous	59,880	—	—	2,834	—	62,714
Total Expenses	4,198,477	-	153,684	224,855	(367,763)	4,209,253
Change in net assets	165,245	22,067	(786)	(26,286)	—	160,240
Net assets at beginning of year	2,587,668	(81,055)	68,998	377,701	(541,696)	2,411,616
Net assets at end of year	\$ 2,752,913	\$ (58,988)	\$ 68,212	\$ 351,415	\$ (541,696)	\$ 2,571,856

See Auditor's Report dated January 15, 2015.

The accompanying notes are an integral part of this statement.

TYRONE ANTHONY SELLERS
Certified Public Accountant

**Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters based
on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

To the Board of Directors
Harlem Congregations for
Community Improvement, Inc.
New York, NY

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Harlem Congregations for Community Improvement, Inc. ("the Organization"), which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated January 15, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, I considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



St. Albans, New York
January 15, 2015

**Independent Auditor's Report on Compliance for each
Major Federal Program and on Internal Control over
Compliance required by OMB Circular A-133**

To the Board of Directors
Harlem Congregations for
Community Improvement, Inc.
New York, NY

Report on compliance for each major federal program

I have audited the compliance of Harlem Congregations for Community Improvement, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget's OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014. Harlem Congregations for Community Improvement, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to Harlem Congregations for Community Improvement, Inc.'s federal programs.

Auditor's responsibility

My responsibility is to express an opinion on compliance for each of Harlem Congregations for Community Improvement, Inc.'s major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The above-mentioned standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Harlem Congregations for Community Improvement, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Harlem Congregations for Community Improvement, Inc.'s compliance.

Opinion on each major federal program

In my opinion, Harlem Congregations for Community Improvement, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on internal control over compliance

Management of Harlem Congregations for Community Improvement, Inc. is responsible for designing, implementing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Harlem Congregations for Community Improvement, Inc.'s internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Harlem Congregations for Community Improvement, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material

TYRONE ANTHONY SELLERS
Certified Public Accountant

weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in the Harlem Congregations for Community Improvement, Inc.'s internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this Report on Internal Control over Compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Tyrone Anthony Sellers". The signature is fluid and cursive, with a large initial "T" and "S".

St. Albans, New York
January 15, 2015

HARLEM CONGREGATIONS FOR COMMUNITY IMPROVEMENT, INC.

SCHEDULE OF FINDINGS AND QUESTION COSTS

YEAR ENDED JUNE 30, 2014

SECTION I – Summary of Auditor’s Results

Financial Statements

Type of Auditor’s Report issued:	<u>Unmodified</u>
Internal Control over Financial Reporting:	
Material weakness (es) identified?	<u>No</u>
Significant deficiency (ies) identified that are not considered to be material weakness (es)?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal Control over Major Programs:	
Material weakness (es) identified?	<u>No</u>
Significant deficiency (ies) identified that are not considered to be material weakness (es)?	<u>None reported</u>
Type of Auditor’s Report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be Reported in accordance with Section 510(a) of Circular A-133?	<u>No</u>
Identification of major programs:	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.241	Scattered Site Housing for Persons with AIDS and Families
Dollar threshold used to distinguish between Type A and B Programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

SECTION II – Financial Statement Findings

None

SECTION III – Federal Awards Findings and Question Costs

None

TYRONE ANTHONY SELLERS
Certified Public Accountant

HARLEM CONGREGATIONS FOR COMMUNITY IMPROVEMENT, INC.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2014

SECTION I – Summary of Audit Results

There were no prior audit findings for the year ended June 30, 2013.

TYRONE ANTHONY SELLERS
Certified Public Accountant