

Form <b>CHAR500</b>	<b>Annual Filing for Charitable Organizations</b> New York State Department of Law (Office of the Attorney General) Charities Bureau - Registration Section 120 Broadway New York, NY 10271 <a href="http://www.charitiesnys.com">http://www.charitiesnys.com</a>	<b>2012</b>  <b>Open to Public Inspection</b>
This form used for Article 7-A, EPTL and dual filers (replaces forms CHAR 497, CHAR 010 and CHAR 006)		

<b>1. General Information</b>			
a. For the fiscal year beginning (mm/dd/yyyy) <b>07/01/2012</b> and ending (mm/dd/yyyy) <b>06/30/2013</b>			
b. Check if applicable for NYS: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial filing <input type="checkbox"/> Final filing <input type="checkbox"/> Amended filing <input type="checkbox"/> NY registration pending	c. Name of organization <b>URBAN HOMESTEADING ASSISTANCE BOARD, INC</b>  Number and street (or P.O. box if mail not delivered to street address) Room/suite <b>120 WALL STREET, FLOOR 20</b>  City or town, state or country and ZIP + 4 <b>NEW YORK, NY 10005</b>	d. Fed. employer ID no. (EIN) <b>13-2902798</b>  e. NY State registration no. <b>02-93-95</b>  f. Telephone number <b>212 479-3300</b>  g. Email <b>REICHER@UHAB.ORG</b>	

<b>2. Certification - Two Signatures Required</b>			
We certify under penalties of perjury that we reviewed this report, including all attachments, and to the best of our knowledge and belief, they are true, correct and complete in accordance with the laws of the State of New York applicable to this report.			
a. President or Authorized Officer 	Signature <b>ANDREW REICHER</b> Printed Name	Title <b>EXECUTIVE DIRECTOR</b>	Date <b>3/26/14</b>
b. Chief Financial Officer or Treas. 	Signature <b>JULIE HARRIS</b> Printed Name	Title <b>CFO</b>	Date <b>3/26/14</b>

<b>3. Annual Report Exemption Information</b>	
a. <b>Article 7-A</b> annual report exemption (Article 7-A registrants and dual registrants) Check <input type="checkbox"/> if total contributions from NY State (including residents, foundations, corporations, government agencies, etc.) did not exceed \$25,000 <b>and</b> the organization did not engage a professional fund raiser (PFR) or fund raising counsel (FRC) to solicit contributions during this fiscal year.  <b>NOTE:</b> An organization may claim this exemption if no PFR or FRC was used <b>and</b> either: 1) it received an allocation from a federated fund, United Way or incorporated community appeal <b>and</b> contributions from other sources did not exceed \$25,000 <b>or</b> 2) it received all or substantially all of its contributions from one government agency to which it submitted an annual report similar to that required by Article 7-A.	
b. <b>EPTL</b> annual report exemption (EPTL registrants and dual registrants) Check <input type="checkbox"/> if gross receipts did not exceed \$25,000 <b>and</b> assets (market value) did not exceed \$25,000 at any time during this fiscal year.	
For EPTL or Article 7-A registrants claiming the annual report exemption under the one law under which they are registered and for dual registrants claiming the annual report exemptions under both laws, simply complete part 1 (General Information), part 2 (Certification) and part 3 (Annual Report Exemption Information) above. <b>Do not submit a fee, do not complete the following schedules and do not submit any attachments to this form.</b>	

<b>4. Article 7-A Schedules</b>	
If you did <b>not</b> check the Article 7-A annual report exemption above, complete the following for this fiscal year:	
a. Did the organization use a professional fund raiser, fund raising counsel or commercial co-venturer for fund raising activity in NY State? ... <input type="checkbox"/> Yes* <input checked="" type="checkbox"/> No * If "Yes", complete Schedule 4a.	
b. Did the organization receive government contributions (grants)? ..... <input checked="" type="checkbox"/> Yes* <input type="checkbox"/> No * If "Yes", complete Schedule 4b.	

<b>5. Fee Submitted: See last page for summary of fee requirements.</b>	
Indicate the filing fee(s) you are submitting along with this form:	
a. Article 7-A filing fee ..... \$ <u>25.</u> b. EPTL filing fee ..... \$ <u>100.</u> c. <b>Total fee</b> ..... \$ <u>125.</u>	<b>Submit only one check or money order for the total fee, payable to "NYS Department of Law"</b>

<b>6. Attachments</b> - For organizations that are not claiming annual report exemptions under both laws, see last page for required attachments
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URBAN HOMESTEADING ASSISTANCE BOARD, INC

5. Fee Instructions

The filing fee depends on the organization's Registration Type. For details on Registration Type and filing fees, see the Instructions for Form CHAR500.

Organization's Registration Type    Fee Instructions

- **Article 7-A**                      Calculate the Article 7-A filing fee using the table in **part a** below. The EPTL filing fee is \$0.
- **EPTL**                                Calculate the EPTL filing fee using the table in **part b** below. The Article 7-A filing fee is \$0.
- **Dual**                                Calculate both the Article 7-A and EPTL filing fees using the tables in **parts a and b** below. Add the Article 7-A and EPTL filing fees together to calculate the total fee. Submit a single check or money order for the total fee.

a) Article 7-A filing fee

Total Support & Revenue	Article 7-A Fee
more than \$250,000	\$25
up to \$250,000 *	\$10

\* Any organization that contracted with or used the services of a professional fund raiser (PFR) or fund raising counsel (FRC) during the reporting period must pay an Article 7-A filing fee of \$25, regardless of total support and revenue.

b) EPTL filing fee

Net Worth at End of Year	EPTL Fee
Less than \$50,000	\$25
\$50,000 or more, but less than \$250,000	\$50
\$250,000 or more, but less than \$1,000,000	\$100
\$1,000,000 or more, but less than \$10,000,000	\$250
\$10,000,000 or more, but less than \$50,000,000	\$750
\$50,000,000 or more	\$1500

6. Attachments - Document Attachment Check-List

Check the boxes for the documents you are attaching.

**For All Filers**

Filing Fee

Single check or money order payable to "NYS Department of Law"

Copies of Internal Revenue Service Forms

<input checked="" type="checkbox"/> IRS Form 990	<input type="checkbox"/> IRS Form 990-EZ	<input type="checkbox"/> IRS Form 990-PF
<input checked="" type="checkbox"/> All required schedules (including Schedule B)	<input type="checkbox"/> All required schedules (including Schedule B)	<input type="checkbox"/> All required schedules (including Schedule B)
<input type="checkbox"/> IRS Form 990-T	<input type="checkbox"/> IRS Form 990-T	<input type="checkbox"/> IRS Form 990-T

**Additional Article 7-A Document Attachment Requirement**

Independent Accountant's Report

Audit Report (total support & revenue more than \$250,000)

Review Report (total support & revenue \$100,001 to \$250,000)

No Accountant's Report Required (total support & revenue not more than \$100,000)

**Urban Homesteading Assistance  
(U-HAB), Inc.  
(Parent Company Only)**

Financial Statements

June 30, 2013 and 2012

## Independent Auditors' Report

**Board of Directors  
Urban Homesteading Assistance  
(U-HAB), Inc.**

We have audited the accompanying financial statements of Urban Homesteading Assistance (U-HAB), Inc. ("U-HAB") (Parent Company Only) which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Basis for Qualified Opinion***

As discussed in Note 3, U-HAB financial statements are presented as a parent company only and do not include the effects of consolidating certain corporations in which U-HAB is the sole member. Accounting principles generally accepted in the United States of America require organizations that are controlled by and in which an organization has an economic interest to be included in the general-purpose financial statements of the primary reporting entity. If the related organizations were consolidated into the accompanying financial statement, the financial position of U-HAB as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended would be significantly different than the balances presented.

O'CONNOR DAVIES, LLP  
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O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

***Qualified Opinion***

In our opinion, except for the effect of not consolidating certain affiliates in which U-HAB is the sole member as referred to in the preceding paragraphs the financial statements referred to above present fairly, in all material respects, the financial position of Urban Homesteading Assistance (U-HAB), Inc. (Parent Company Only) as of June 30, 2013 and 2012, 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.

***Report on Supplemental Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements of U-HAB as a whole. The accompanying supplemental information is presented for 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 procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*O'Connor Davies, LLP*

Harrison, New York  
December 6, 2013

**Urban Homesteading Assistance (U-HAB), Inc.**  
**(Parent Company Only)**

Statements of Financial Position

	June 30,	
	2013	2012
<b>ASSETS</b>		
Cash	\$ 747,577	\$ 914,800
Accounts receivable, net	1,244,322	829,491
Due from affiliates, net	263,541	1,381,126
Loans receivable	2,035,941	2,086,910
Security deposit and other assets	144,729	89,922
Property and equipment, net	28,185	11,116
Limited use assets		
Cash	30,614	30,614
Loans receivable	<u>14,455,432</u>	<u>14,455,432</u>
	<u>\$ 18,950,341</u>	<u>\$ 19,799,411</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 350,446	\$ 384,557
Refundable advances	672,741	250,000
Loans payable	2,782,132	3,786,729
Loans payable to New York State Housing Trust Fund	14,486,046	14,486,046
Due to New York City Department of Housing Preservation and Development	<u>5,000</u>	<u>5,000</u>
Total Liabilities	<u>18,296,365</u>	<u>18,912,332</u>
Net Assets		
Unrestricted		
Undesignated	176,290	587,079
Board designated	<u>300,000</u>	<u>300,000</u>
Total unrestricted	476,290	887,079
Temporarily restricted	<u>177,686</u>	-
Total Net Assets	<u>653,976</u>	<u>887,079</u>
	<u>\$ 18,950,341</u>	<u>\$ 19,799,411</u>

See notes to financial statements

**Urban Homesteading Assistance (U-HAB), Inc.  
(Parent Company Only)**

Statements of Activities

	Years Ended June 30,			2012
	2013		Total	
	Unrestricted	Temporary Restricted		
<b>SUPPORT AND REVENUES</b>				
HPD technical assistance contract	\$ 1,150,193	\$ -	\$ 1,150,193	\$ 1,368,559
WAP program	-	-	-	1,959,250
Development services	452,634	-	452,634	1,826,123
Cooperative services	889,176	-	889,176	702,614
Grants and contributions	370,750	300,000	670,750	630,189
Bad debt recovery	360,837	-	360,837	-
Other revenues	65,296	-	65,296	136,075
Net assets released from restrictions	122,314	(122,314)	-	-
Total Support and Revenues	<u>3,411,200</u>	<u>177,686</u>	<u>3,588,886</u>	<u>6,622,810</u>
<b>EXPENSES</b>				
Program Services				
TIL/HDFC technical assistance	988,054	-	988,054	958,792
WAP program	2,060	-	2,060	1,897,922
Development services	1,051,829	-	1,051,829	1,035,245
Cooperative services	905,166	-	905,166	813,093
Total Program Services	2,947,109	-	2,947,109	4,705,052
Supporting Services				
Management and general	636,864	-	636,864	798,567
Fundraising	238,016	-	238,016	188,363
Total Expenses	<u>3,821,989</u>	<u>-</u>	<u>3,821,989</u>	<u>5,691,982</u>
Change in Net Assets	(410,789)	177,686	(233,103)	930,828
<b>NET ASSETS (DEFICIT)</b>				
Beginning of year	<u>887,079</u>	<u>-</u>	<u>887,079</u>	<u>(43,749)</u>
End of year	<u>\$ 476,290</u>	<u>\$ 177,686</u>	<u>\$ 653,976</u>	<u>\$ 887,079</u>

See notes to financial statements



**Urban Homesteading Assistance (U-HAB), Inc.  
(Parent Company Only)**

Statements of Cash Flows

	Years Ended June 30,	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (233,103)	\$ 930,828
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	9,064	7,010
Bad debt (recovery)	(360,837)	107,749
Changes in operating assets and liabilities		
Accounts receivable	(53,994)	(74,614)
Due from affiliates	1,117,585	763,069
Security deposit and other assets	(54,807)	763
Accounts payable and accrued expenses	388,630	(110,610)
Deferred contract revenue	-	(342,562)
Net Cash from Operating Activities	812,538	1,281,633
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(26,133)	(1,028)
Collections of loans	50,969	45,564
Net Cash from Investing Activities	24,836	44,536
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on loans	(1,004,597)	(1,029,810)
Net Change in Cash	(167,223)	296,359
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	914,800	618,441
End of year	\$ 747,577	\$ 914,800
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 72,773	\$ 112,448

See notes to financial statements

**Urban Homesteading Assistance (U-HAB), Inc.  
(Parent Company Only)**

Notes to Financial Statements  
June 30, 2013 and 2012

**1. Organization**

Urban Homesteading Assistance (U-HAB), Inc. (Parent Company Only) ("U-HAB") is a not-for-profit housing organization that assists in the development and administration of low-income housing cooperatives in neighborhoods throughout New York City. U-HAB provides technical assistance and training to low-income New Yorkers to develop and preserve their housing and neighborhoods. U-HAB's primary sources of funding are governmental contracts and fees.

U-HAB is the sole member of UHAB Housing Development Fund Corporation (HDFC).

U-HAB is also the sole member of the following entities:

Round IV East 101 <sup>st</sup> Street HDFC	473 West 145th Street HDFC
Round IV 85 <sup>th</sup> Avenue HDFC	186 East 104th Street HDFC
Round IV Second Avenue HDFC	GP-UHAB HDFC
Manhattan 203B-UHAB HDFC	ELVA-UHAB HDFC
508 West 135th Street HDFC	Westside 135 <sup>th</sup> Street HDFC

U-HAB and its affiliates are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and are publicly supported organizations as described in Section 509(a).

**2. Summary of Significant Accounting Policies**

***Basis of Presentation and Use of Estimates***

Except as described in note 3, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Some of the more significant estimates required to be made by management include allowance for doubtful accounts receivable and depreciation.

***Financial Statement Presentation***

Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. Unrestricted Board designated net assets have been set aside by the Board for future working capital purposes. Temporarily restricted net assets are those whose use is limited by donors to a specific time period or purpose. Permanently restricted net assets are limited by donors in perpetuity. U-HAB has no permanently restricted net assets.

**Urban Homesteading Assistance  
(U-HAB), Inc.  
(Parent Company Only)**

Notes to Financial Statements  
June 30, 2013 and 2012

**2. Summary of Significant Accounting Policies *(continued)***

***Accounts receivable and allowance for doubtful accounts***

U-HAB records receivables based on established rates or contracts for services provided. Bad debt expense is charged if the receivable is determined to be uncollectible based on periodic review by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year end. Interest is not charged on outstanding receivables.

***Loans Receivable***

Loans receivable are reported net of any anticipated losses due to uncollectible accounts. U-HAB reviews the loans for collectability on an annual basis to determine if an allowance for doubtful accounts should be established using factors such as repayment history, including subsequent receipts and economic conditions. No allowances have been established as of June 30, 2013 and 2012. Interest is accrued on the notes as it is earned. Loans receivable are considered past due if full principal payments are not received in accordance with the terms of the loan agreement.

***Property and Equipment***

Equipment and furniture are recorded at cost. Items in excess of \$1,000 with useful lives that exceed one year are capitalized. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, ranging between 3 to 5 years. Leasehold improvements are amortized over the term of the lease.

***Refundable Advances***

Refundable advances represent funds from grantors whose proceeds are contractually obligated to be returned at the request of the funder.

***Revenues from Development and Cooperative Services***

Revenues are recorded when earned as services are provided during the transition phase of the buildings to co-ops.

***Revenues from Tenant Interim Lease***

U-HAB contracts with the City of New York to provide training and technical assistance during the transition phase of the buildings to co-ops. Revenues are recognized when earned.

**Urban Homesteading Assistance  
(U-HAB), Inc.  
(Parent Company Only)**

Notes to Financial Statements  
June 30, 2013 and 2012

**2. Summary of Significant Accounting Policies (continued)**

***Revenues from Weatherization Assistance Program***

U-HAB contracts with New York State to educate HDFC co-op owners and assist them in improving the energy efficiency of their buildings. Revenues are recognized when earned.

***Revenues from Government Agencies***

Revenues from government agencies are subject to audit by the agencies. No provision for any disallowances is reflected in the financial statements, since management does not anticipate any material adjustments.

***Contributions***

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

***Functional Allocation of Expenses***

The costs of providing U-HAB's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Accounting for Uncertainty in Income Taxes***

U-HAB recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the U-HAB had no uncertain tax positions that would require financial statement recognition or disclosure. U-HAB is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to June 30, 2010.

***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 6, 2013.

**Urban Homesteading Assistance  
(U-HAB), Inc.  
(Parent Company Only)**

Notes to Financial Statements  
June 30, 2013 and 2012

**3. Unconsolidated Related Parties (Unaudited)**

As discussed in Note 1, U-HAB is the sole member of various housing development fund corporations (HDFC's). GAAP requires U-HAB to consolidate these Corporations. U-HAB has not consolidated the HDFC's discussed below because management does not believe that the inclusion of the assets, liabilities, net assets and changes in net assets would provide the user of the financial statements meaningful information about the financial position and results of operations of the U-HAB. The unaudited assets, liabilities, net assets and changes in net assets of each HDFC as of June 30, 2013 and 2012 are presented below. Such amounts were derived from the internal financial statements of each HDFC, and are the representation of management.

Related Entity	June 30, 2013				
	Assets	Liabilities	Equity (Deficit)	Revenue	Expenses
UHAB HDFC	\$ 27,433,813	\$ 20,713,874	\$ 6,719,939	\$ 30,084	\$ (315,248)
Round IV East 101st Street HDFC	29,916	1,569	28,347	132,786	59,419
Round IV 85th Avenue HDFC	17,595	16,943	652	-	-
Round IV Second Avenue HDFC	144,853	62,479	82,374	-	-
Manhattan 203B-UHAB HDFC	(76,022)	20,702	(96,724)	488	64,757
508 West 135th Street HDFC	(28,029)	40,399	(68,428)	-	269,546
473 West 145th Street HDFC	2,272,486	2,155,272	117,214	-	44
186 East 104th Street HDFC	25,107	38,920	(13,813)	180,633	143,801
GP-UHAB HDFC	194,646	31,404	163,242	-	-
ELVA-UHAB HDFC	9,391,728	9,948,609	(556,881)	2,116,110	2,399,786
**Elimination of intercompany activity	-	(372,015)	-	-	-
	<u>\$ 39,406,093</u>	<u>\$ 33,030,171</u>	<u>\$ 6,375,922</u>	<u>\$ 2,460,101</u>	<u>\$ 2,622,105</u>

Related Entity	June 30, 2012				
	Assets	Liabilities	Equity (Deficit)	Revenue	Expenses
UHAB HDFC	\$ 60,823,905	\$ 35,639,093	\$ 25,184,812	\$ 104,556	\$ 409,533
Round IV East 101st Street HDFC	118,606	11,503	107,103	-	-
Round IV 85th Avenue HDFC	19,230	(7,751)	26,981	-	25,190
Round IV Second Avenue HDFC	139,302	62,248	77,054	-	2,283
Manhattan 203B-UHAB HDFC	2,893,409	2,870,717	22,692	38,601	23,121
508 West 135th Street HDFC	2,660,904	2,420,157	240,747	198,351	147,587
473 West 145th Street HDFC	2,330,736	2,129,659	201,077	163,276	27,477
186 East 104th Street HDFC	1,384,735	1,397,123	(12,388)	100,266	99,037
GP-UHAB HDFC	71,220	-	71,220	-	1,209,343
ELVA-UHAB HDFC	9,814,988	10,120,307	(305,319)	2,050,118	2,155,622
Westside 135th Street HDFC	3,936,618	3,981,939	(45,321)	207,696	216,919
**Elimination of intercompany activity	-	(1,468,702)	-	-	-
	<u>\$ 84,193,653</u>	<u>\$ 57,156,293</u>	<u>\$ 25,568,658</u>	<u>\$ 2,862,864</u>	<u>\$ 4,316,112</u>

\*\* Represents intercompany activity that would be eliminated had the HDFC's been consolidated with U-HAB. Had the HDFC's been consolidated with U-HAB, its assets, liabilities, net assets, revenue and expenses as of and for the years ended June 30, 2013 and 2012 would have been increased by the amounts above.

**Urban Homesteading Assistance  
(U-HAB), Inc.  
(Parent Company Only)**

Notes to Financial Statements  
June 30, 2013 and 2012

**4. Accounts Receivable and Due from Affiliates**

As of June 30, 2013 and 2012, accounts receivable and due from affiliates consist of the following:

	<u>2013</u>	<u>2012</u>
Accounts receivable	\$ 1,721,519	\$ 1,256,015
Allowance for doubtful accounts	<u>(477,197)</u>	<u>(426,524)</u>
Accounts receivable, net	<u>\$ 1,244,322</u>	<u>\$ 829,491</u>
Due from affiliates	\$ 372,015	\$ 1,791,744
Allowance for doubtful accounts	<u>(108,474)</u>	<u>(410,618)</u>
Due from affiliates, net	<u>\$ 263,541</u>	<u>\$ 1,381,126</u>

**5. Loans Receivable**

In May 2009, U-HAB borrowed \$2,000,000 from Merrill Lynch to fund UHAB Mutual Insurance Company, an unrelated corporation. Interest is charged at 4% per annum. The loan is due on demand. The remainder of the loans receivable represent funds due from various unrelated HDFC organizations advanced to them to pay real estate taxes, water charges and loan fees. Payments are due monthly from each HDFC, including interest at 6% and mature by May 2014.

Below is a schedule of the loans receivable:

	<u>2013</u>	<u>2012</u>
UHAB Mutual Insurance Company	\$ 2,000,000	\$ 2,000,000
821 Prospect Place HDFC	13,766	23,931
1104 Clay Avenue HDFC	22,175	26,553
500 W 173rd Street HDFC	-	17,596
1091 Bushwick Ave HDFC	<u>-</u>	<u>18,830</u>
	<u>\$ 2,035,941</u>	<u>\$ 2,086,910</u>

**Urban Homesteading Assistance  
(U-HAB), Inc.  
(Parent Company Only)**

Notes to Financial Statements  
June 30, 2013 and 2012

**6. Property and Equipment**

Property and equipment consist of the following at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Equipment	\$ 417,994	\$ 396,385
Leasehold improvements	183,684	179,160
Furniture	<u>85,865</u>	<u>85,865</u>
	687,543	661,410
Accumulated depreciation	<u>(659,358)</u>	<u>(650,294)</u>
	<u>\$ 28,185</u>	<u>\$ 11,116</u>

**7. Loans Payable to New York State Housing Trust Fund and Limited Use Assets**

U-HAB has entered into various program agreements with the State of New York Housing Trust Fund Corporation ("HTF"). Under these agreements, U-HAB provides an oversight function with respect to certain low-income housing projects ("Projects"). HTF advances funds to U-HAB for approved Projects and U-HAB advances the funds to pay rehabilitation costs incurred by the Projects. All funds advanced to and by U-HAB in relation to this program are non-interest bearing. During the construction period, there is no repayment requirement. Upon completion of a Project, the funds advanced are converted to permanent loans. As long as the Projects are operated in accordance with the terms of the agreements, there is no requirement to repay and the loans will be forgiven at the end of each loan term. In the event of a default by the projects, U-HAB has the right to foreclose on the associated property to recover its losses. Funds as yet not advanced are presented as limited use cash.

U-HAB has also entered into an agreement with the New York City Department of Housing Preservation and Development ("HPD") to manage the allocation and distribution of various housing companies' commercial income between those various Companies.

Below is the schedule of Housing Trust Funds loans:

<u>Project</u>	<u>HTF Closing Date</u>	<u>Amount Awarded</u>	<u>End of Loan Term</u>
<b><u>120-22 East 107th Street HDFC</u></b>			
120-22 East 107th Street New York, NY 10031	June 1995	\$375,000**	N/A
<b><u>515 West 151st Street HDFC</u></b>			
515 West 151st Street New York, NY 10031	December 11, 1989	484,000	2013

\*\*(\$30,614 has not yet been advanced to this project and  
The loan has not yet converted to permanent financing)

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Notes to Financial Statements  
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**7. Loans Payable to New York State Housing Trust Fund and Limited Use Assets  
(continued)**

<u>Project</u>	<u>HTF Closing Date</u>	<u>Amount Awarded</u>	<u>End of Loan Term</u>
<b><u>Pueblo en Marcha HDFC</u></b> 401 East 145th Street Bronx, NY 10455	April 24, 1991	\$440,000	2017
<b><u>Green House Artist HDFC</u></b> 527 East 4th Street New York, NY 10009	June 26, 1989	188,103	2027
<b><u>Los Hijos del Barrio HDFC</u></b> 112 East 102nd Street New York, NY 10029	January 14, 1991	440,000	2019
<b><u>851 Fox Street HDFC</u></b> 851 Fox Street Bronx, New York 10459	January 22, 1988	114,000	2020
<b><u>105th Street HDFC</u></b> 200-214 West 105th Street New York, NY	July 1998	2,099,500	2022
<b><u>582-592 Rogers Avenue HDFC</u></b> 582-592 Rogers Avenue Bronx, NY 11225	July 21, 1993	1,050,000	2024
<b><u>Urban Oasis HDFC</u></b> 517 West 151st Street New York, NY 10031	July 16, 1992	587,347	2024
<b><u>Casi Alba HDFC</u></b> 393 East 10th Street New York, NY 10009	February 23, 1993	373,766	2025
<b><u>367 East 10th Street HDFC</u></b> 367 East 10th Street New York, NY 10003	April 14, 1993	909,296	2025
<b><u>309 East 4th Street HDFC</u></b> 309 East 4th Street New York, NY 10009	February 1, 1990	445,000	2017



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Notes to Financial Statements  
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**7. Loans Payable to New York State Housing Trust Fund and Limited Use Assets  
(continued)**

<u>Project</u>	<u>HTF Closing Date</u>	<u>Amount Awarded</u>	<u>End of Loan Term</u>
<b><u>64 Havemeyer Street HDFC</u></b> 64 Havemeyer Street Brooklyn, NY 11211	March 1, 1996	\$776,210	2027
<b><u>106-1 37th Street Queens HDFC</u></b> 106-1 37th Street Queens, NY 10368	March 3, 1994	178,118	2027
<b><u>JOR HDFC</u></b> 106-3 37th Street Queens, NY 10368	March 3, 1994	186,826	2027
<b><u>Jeffersonville HDFC</u></b> 2170 2nd Avenue New York, NY 10029	May 25, 1993	341,661	2027
<b><u>272 Alexander Avenue HDFC</u></b> 272 Alexander Avenue Bronx, NY 10454	June 23, 1993	431,716	2027
<b><u>1351 Park Avenue HDFC</u></b> 1351 Park Avenue New York, NY 10029	June 26, 1992	533,951	2027
<b><u>FLOW HDFC</u></b> 188 East 3rd Street New York, NY	September 1994	584,413	2027
<b><u>Alborada HDFC</u></b> 11 West 107th Street New York, NY 10025	November 12, 1993	657,139	2027
<b><u>Joint Approach HDFC</u></b> 694 Classon Avenue Brooklyn, NY 11238	August 1995	590,000	2028
<b><u>Destiny HDFC</u></b> 475 Prospect Park Brooklyn, NY 11238	August 1995	600,000	2028

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Notes to Financial Statements  
June 30, 2013 and 2012

**7. Loans Payable to New York State Housing Trust Fund and Limited Use Assets  
(continued)**

<u>Project</u>	<u>HTF Closing Date</u>	<u>Amount Awarded</u>	<u>End of Loan Term</u>
<b><u>811-27 Fox Street HDFC</u></b>			
811-27 Fox Street, Bronx, New York 10459	October 25, 1988	<u>\$2,100,000</u>	2029
Total notes payable to New York State Housing Trust Fund		14,486,046	
Less cash not yet advanced to projects		<u>(30,614)</u>	
Total Limited Use Asset Loans Receivable		<u>\$14,455,432</u>	

**8. Loans Payable**

As of June 30, 2013 and 2012, U-HAB had outstanding debt as follows:

	<u>2013</u>	<u>2012</u>
<b>A. NCB Development Corporation</b>		
Line of credit with quarterly interest payments at LIBOR rate plus 4%, which, at June 30, 2013 and 2012, was 4.25%. The maximum available under this credit line is \$1,000,000. The line is secured by real property located at 544 East 13 <sup>th</sup> Street, New York, NY. The line of credit matured in February of 2009. U-HAB is currently in the process of obtaining an extension for this debt.	\$ 158,824	\$ 438,525
<b>B. Merrill Lynch</b>		
Loan was taken in May 2009 to fund UHAB Mutual Insurance Co. (an unrelated corporation). The entire amount was loaned to UHAB Mutual Insurance Co. Interest is payable at 1.34%. The loan is collateralized by the receivable from UHAB Mutual Insurance Co. The loan matures on May 7, 2016.	2,000,000	2,000,000

**Urban Homesteading Assistance  
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Notes to Financial Statements  
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**8. Loans Payable (continued)**

	2013	2012
<b>C. Seedco</b>		
A line of credit financing the acquisition from New York City of up to 23 buildings containing 442 apartment units that will be converted into limited equity cooperatives. The maximum available under this credit line is \$442,000. Upon sale of each apartment, U-HAB shall pay \$1,500 to be applied towards the reduction of principal. Interest of 7% is payable monthly. The line was fully repaid in January of 2013.	\$ -	\$ 17,640
<b>D. Seedco II</b>		
An unsecured line of credit financing the acquisition from Neighborhood Restore Housing Development Fund Corporation of up to 11 buildings containing 258 apartment units that will be converted into limited equity cooperatives. The maximum amount of funds available under this line of credit is \$270,000. Principal payments and 7% interest are due quarterly. The line of credit matured on November 30, 2012. U-HAB is currently in the process of obtaining an extension for this debt.	166,400	251,757
<b>E. Raza Development Fund Inc.</b>		
Line of credit, secured by real property buildings, in the amount of \$500,000 converted to a term loan on November 1, 2004 with 4% interest and principal payments due monthly. The loan matured on March 1, 2013 and was granted an extension through December 31, 2015.	36,174	90,075
<b>F. Community Preservation Corporation</b>		
Line of credit, secured by developer fees, with principal payments due quarterly. Interest of LIBOR rate plus 2.30%, which, at June 30, 2013, was 2.55%, is payable monthly. The maximum available under this credit line is \$1,500,000. The line of credit matured on June 30, 2008 and, as of the opinion date, the line is being renegotiated.	120,734	367,134

**Urban Homesteading Assistance  
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Notes to Financial Statements  
June 30, 2013 and 2012

**8. Loans payable (continued)**

	2013	2012
<b>G. HBSC</b>		
Unsecured line of credit in the amount of \$1,243,196, converted to a term loan on March 1, 2009. Principal is payable in six equal installments over three years, with interest payable quarterly at Prime rate minus 1.85%, which, at June 30, 2013, was 1.4%. The loan matured on June 30, 2013 and, as of the opinion date, the line is being renegotiated.		
	<u>300,000</u>	<u>621,598</u>
	<u>\$ 2,782,132</u>	<u>\$ 3,786,729</u>

Combined payments of principal over the next five years and thereafter are as follows:

2014	\$	760,557
2015		21,575
2016		<u>2,000,000</u>
Total	\$	<u>2,782,132</u>

**9. Operating Leases**

U-HAB leases various office spaces under operating leases. The leases expire between 2013 and 2022. The commitments under these leases are payable as follows:

2014	\$	462,676
2015		462,676
2016		462,676
2017		475,320
2018		500,608
Thereafter		<u>1,867,562</u>
Total	\$	<u>4,231,518</u>

Rent expense for June 30, 2013 and 2012 was \$474,615 and \$417,449.

**Urban Homesteading Assistance  
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Notes to Financial Statements  
June 30, 2013 and 2012

**10. Temporarily Restricted Net Assets**

Activity in temporarily restricted net assets is as follows for the year ending June 30, 2013:

	<u>Net Assets June 30, 2012</u>	<u>Additions</u>	<u>Net Assets Released</u>	<u>Net Assets June 30, 2013</u>
Cooperative Project Assistance	\$ -	\$ 300,000	\$ (122,314)	\$ 177,686
	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ (122,314)</u>	<u>\$ 177,686</u>

**11. Retirement Benefits**

U-HAB has a noncontributory profit-sharing plan covering substantially all of its employees. Employees are eligible to participate in the plan after two years of employment and are vested when contributions are made. Contributions to the plan are determined annually. There were no contributions made in 2013 or 2012.

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**Urban Homesteading Assistance  
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Supplemental Information

**Urban Homesteading Assistance (U-HAB), Inc.**  
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Schedule of Functional Expenses  
Year Ended June 30, 2013

	Program Services				Supporting Services		Total
	TIL/HDFC	WAP Program	Development Services	Cooperative Services	Management and General	Fund-raising	
Salaries	\$ 500,570	\$ -	\$ 563,708	\$ 547,342	\$ 339,337	\$ 136,048	\$ 2,087,005
Fringe benefits	<u>220,906</u>	-	<u>204,281</u>	<u>155,935</u>	<u>70,034</u>	<u>51,439</u>	<u>702,595</u>
Total Salaries and Fringe Benefits	<u>721,476</u>	-	<u>767,989</u>	<u>703,277</u>	<u>409,371</u>	<u>187,487</u>	<u>2,789,600</u>
Professional fees and contract service payments	-	2,060	71,367	11,893	35,755	-	121,075
Occupancy	191,224	-	100,856	98,564	36,984	23,338	450,966
Equipment rental and maintenance	10,930	-	6,844	7,272	2,686	1,545	29,277
Office supplies and expenses	34,907	-	27,042	33,856	12,432	7,622	115,859
Postage	2,257	-	1,955	2,430	1,251	592	8,485
Membership fees	-	-	4,368	14,436	427	390	19,621
Staff travel	12,560	-	8,601	12,062	-	-	33,223
Insurance	6,270	-	10,215	7,106	3,531	1,451	28,573
Interest	5,538	-	51,916	12,113	1,578	1,628	72,773
Stipends	-	-	-	2,000	-	-	2,000
Depreciation and amortization	-	-	-	-	9,064	-	9,064
Grant expense (Robin Hood)	-	-	-	-	122,314	-	122,314
Fundraising	2,772	-	-	-	25	13,930	16,727
Miscellaneous	<u>120</u>	-	<u>676</u>	<u>157</u>	<u>1,446</u>	<u>33</u>	<u>2,432</u>
Total Expenses	<u>\$ 988,054</u>	<u>\$ 2,060</u>	<u>\$ 1,051,829</u>	<u>\$ 905,166</u>	<u>\$ 636,864</u>	<u>\$ 238,016</u>	<u>\$ 3,821,989</u>

Total Expenses

**Urban Homesteading Assistance (U-HAB), Inc.**  
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Schedule of Functional Expenses  
Year Ended June 30, 2012

	Program Services				Supporting Services		Total
	TIL/HDFC Technical Assistance	WAP Program	Development Services	Cooperative Services	Management and General	Fund- raising	
Salaries	\$ 467,438	\$ 198,445	\$ 545,092	\$ 442,437	\$ 460,035	\$ 64,244	\$ 2,177,691
Fringe benefits	216,817	67,568	206,474	162,190	90,387	32,036	775,472
Total Salaries and Fringe Benefits	684,255	266,013	751,566	604,627	550,422	96,280	2,953,163
Weatherization program	-	1,592,350	-	-	-	-	1,592,350
Professional fees and contract service payments	1,280	4,560	63,073	23,034	99,959	416	192,322
Occupancy	195,324	23,044	103,857	80,647	4,199	33,928	440,999
Equipment rental and maintenance	7,072	2,379	9,102	7,172	3,513	908	30,146
Office supplies and expenses	38,229	4,697	23,260	28,652	10,320	4,271	109,429
Postage	2,809	560	3,314	2,615	1,237	506	11,041
Membership fees	388	-	4,200	850	300	345	6,083
Staff travel	14,872	2,496	12,494	10,435	476	-	40,773
Insurance	4,635	1,376	7,689	3,605	2,043	524	19,872
Interest	4,882	321	56,404	43,164	7,065	612	112,448
Stipends	-	-	-	2,000	-	-	2,000
Depreciation and amortization	-	-	-	-	7,010	-	7,010
Bad debt	-	-	-	6,100	101,649	-	107,749
Fundraising	5,046	-	-	-	2,256	50,546	57,848
Miscellaneous	-	126	286	192	8,118	27	8,749
Total Expenses	\$ 958,792	\$ 1,897,922	\$ 1,035,245	\$ 813,093	\$ 798,567	\$ 188,363	\$ 5,691,982