

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.

REPORT ON THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

**(WITH COMPARATIVE TOTALS FOR 2009
AND SUPPLEMENTARY INFORMATION)**

**IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
YEAR ENDED JUNE 30, 2010**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Iris House
A Center for Women Living with HIV, Inc.
2348 Adam Clayton Powell Jr. Blvd.
New York, NY 10030

We have audited the accompanying statement of financial position of Iris House, A Center for Women Living with HIV, Inc. (Iris House) as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iris House, as of June 30, 2010, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The statement of functional expenses presented on page 15 of this report, is presented for supplemental analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statement. Based on our audit and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Jackson Friday CPA, LLC

New York, New York
November 18, 2010

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010
(With comparative figures for 2009)

| ASSETS | 2010 | 2009 |
|---|---------------------|---------------------|
| <i>Current assets:</i> | | |
| Cash and cash equivalents | \$ 160,331 | \$ 569,630 |
| Security deposits | 74,974 | 65,783 |
| Prepaid expenses | 50,953 | 31,830 |
| Contract and grant receivable (Note 5) | 1,073,510 | 842,445 |
| Other receivable | 95,705 | 63,979 |
| <i>Total current assets</i> | 1,455,473 | 1,573,667 |
| <i>Fixed assets - Net: (Note 4)</i> | | |
| Building | 1,274,927 | 1,346,558 |
| Building improvements | 94,303 | 100,831 |
| Vehicles | - | - |
| Furniture and equipment | 15,794 | 72,036 |
| <i>Total fixed assets</i> | 1,385,024 | 1,519,425 |
| TOTAL ASSETS | \$ 2,840,497 | \$ 3,093,092 |
| LIABILITIES AND NET ASSETS | | |
| <i>Current liabilities:</i> | | |
| Accounts payable and accrued expenses | \$ 106,310 | \$ 99,544 |
| Payroll taxes payable | 8,521 | 3,994 |
| Contract advances (Note 10) | 125,152 | 123,992 |
| Due to landlord - client | 36,578 | 46,078 |
| <i>Total current liabilities</i> | 276,561 | 273,608 |
| <i>Net assets:</i> | | |
| Unrestricted | 2,454,626 | 2,673,271 |
| Temporarily restricted (Note 6) | 109,310 | 146,213 |
| <i>Total net assets</i> | 2,563,936 | 2,819,484 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 2,840,497 | \$ 3,093,092 |

"The accompanying notes are an integral part of these financial statements."

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010
(With comparative totals for 2009)

| SUPPORT AND REVENUE: | Unrestricted | Temporarily Restricted | Total | |
|---|---------------------|---------------------------|---------------------|---------------------|
| | | | 2010 | 2009 |
| Corporations and foundations | \$ 354,403 | \$ 173,000 | \$ 527,403 | \$ 639,432 |
| Contract revenue (Note 7) | 3,452,228 | | 3,452,228 | 3,241,595 |
| Other contributions | 11,224 | | 11,224 | 13,913 |
| Donated services and supplies (Note 3) | 121,308 | | 121,308 | 848,517 |
| Special events | 128,729 | | 128,729 | 216,724 |
| Program fees | 146,012 | | 146,012 | 128,543 |
| Interest income | 46 | | 46 | 268 |
| Other income | 11,214 | | 11,214 | 7,194 |
| <i>Net assets released from restrictions:</i> | | | | |
| Satisfaction of program restrictions | 209,903 | (209,903) | - | - |
| TOTAL SUPPORT AND REVENUE | 4,435,067 | (36,903) | 4,398,164 | 5,096,186 |
| EXPENSES: | | | | |
| <i>Program activities:</i> | | | | |
| Ryan White Food and Nutrition Program | 545,531 | | 545,531 | 534,933 |
| Scatter Site Housing Program | 1,702,153 | | 1,702,153 | 1,605,275 |
| Women Support Services | 187,853 | | 187,853 | 195,287 |
| DOH-COBRA Case Management Services | 108,566 | | 108,566 | 5,925 |
| HIV Prevention Services | 1,065,817 | | 1,065,817 | 1,728,411 |
| Other Programs | 340,981 | | 340,981 | 445,650 |
| Total program expenses | 3,950,901 | - | 3,950,901 | 4,515,481 |
| <i>Support services:</i> | | | | |
| General and administration | 408,496 | | 408,496 | 327,244 |
| Fund-raising | 294,315 | | 294,315 | 277,733 |
| TOTAL EXPENSES | 4,653,712 | - | 4,653,712 | 5,120,458 |
| <i>Change in net assets</i> | <i>(218,645)</i> | <i>(36,903)</i> | <i>(255,548)</i> | <i>(24,272)</i> |
| Net assets at beginning of the year | 2,673,271 | 146,213 | 2,819,484 | 2,843,756 |
| NET ASSETS AT END OF THE YEAR | \$ 2,454,626 | \$ 109,310 | \$ 2,563,936 | \$ 2,819,484 |

"The accompanying notes are an integral part of these financial statements."

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010
(With comparative figures for 2009)

| CASH FLOWS FROM OPERATING ACTIVITIES | 2010 | 2009 |
|---|-------------------|-------------------|
| <i>Cash flows from operating activities:</i> | | |
| <i>Change in net assets</i> | \$ (255,548) | \$ (24,272) |
| Items not requiring cash - Depreciation and amortization | 134,401 | 96,599 |
| Increases in security deposits | (9,191) | (3,102) |
| (Increase)/Decrease in prepaid expenses | (19,123) | 5,806 |
| Increases in contract and grant receivable | (231,065) | (156,368) |
| Increases in other receivable | (31,726) | (16,761) |
| Increase/(Decrease) in accounts payable and accruals | 6,766 | (26,139) |
| Increases in contract advances | 1,160 | 1,808 |
| Increases in payroll taxes payable | 4,527 | 2,201 |
| (Decrease)/Increase in due to landlord - client | (9,500) | 25,842 |
| Net cash provided by operations | (409,299) | (94,386) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Additions to furniture and equipment | - | - |
| Net cash used by investment and financing activities | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net cash provided by financing activities | - | - |
| Change in cash and cash equivalents | (409,299) | (94,386) |
| Cash and cash equivalents at beginning of the year | 569,630 | 664,016 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | \$ 160,331 | \$ 569,630 |

"The accompanying notes are an integral part of these financial statements."

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 1. ORGANIZATION AND OPERATIONS

Iris House, A Center for Women Living with HIV, Inc. (Iris House) is a community based organization incorporated on September 28, 1992, under the laws of the State of New York and thereafter, exempt from taxes under Section 501 (c) (3) of the Internal Revenue Code. Its primary mission is to provide social services for women, men and their families infected and affected by HIV/AIDS in a supportive and respectful environment.

Iris House provides a holistic approach to social services for persons with HIV/AIDS by offering:

- Food and nutrition services including nutritional counseling, food pantry bags and meals
- Prevention education, prevention case management and behavioral interventions
- Intense and less-intense case management including client advocacy, escorts, referrals to care, legal assistance and child case management
- Housing through apartments in NYC with case management services
- Supportive services including psychological therapy, support groups and health education

These services are provided through two locations, one in East Harlem and the other in Central Harlem.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Iris House have been prepared on the accrual basis of accounting and conform to generally accepted accounting principles as applicable to nonprofit organizations. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Contributions

Iris House accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor's restriction.

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Iris House reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Iris House reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Contributions Receivable

Unconditional contributions receivable are recognized as revenues in the period the pledge is received. Contributions receivable represent amounts committed by donors that have not been received by the organization.

Cash and Cash Equivalents

Cash equivalents represent money market funds and short-term instruments with maturity at the date of purchase of three months or less and are carried at cost, which approximates market value.

Contract Revenues

Support received under contracts with government and private foundations is recorded as public support in the unrestricted fund when the related direct costs are incurred or purpose accomplished. Reimbursement of indirect costs relating to such contributions and contracts is recorded as public support in the current unrestricted funds. Grants and contracts receivable represent amounts due for expenditures incurred or purposes accomplished prior to year end.

Functional Allocation of Expenses

Expenses are charged to each program based on direct expenditures. However, certain indirect costs, primarily, administrative salaries and related general overhead expenses are allocated to various programs based on percentage of direct payroll hours.

**IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

Liquidity Information

In order to provide information about liquidity, assets have been sequenced according to their convertibility to cash and liabilities according to their estimated maturity.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported 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. Actual results could differ from those estimates.

NOTE 3. DONATED GOODS AND SERVICES

Volunteers from the community have donated a significant number of hours in assisting Iris House in achieving the goals of its various service programs. Some organizations have also donated advertising services and food to Iris House. Both donated services and goods are recognized as revenues and expenses in the statement of activities at estimated fair value at the date the services and goods were donated. The value of certain professional time, advertising and food supplies contributed by organizations and foundations are reflected in the financial statements in 2010 and 2009, respectively as follows:

| | <u>2010</u> | <u>2009</u> |
|---------------------------|-------------------|-------------------|
| Advertising | \$ - | \$ 748,520 |
| Food and Program Supplies | <u>121,308</u> | <u>99,997</u> |
| Total | <u>\$ 121,308</u> | <u>\$ 848,517</u> |

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment acquired by specific grants for use by Iris House are considered to be owned by Iris House while used in the program or in future authorized programs. Property, furniture, fixtures and equipment are stated at cost. The organization follows the policy of capitalizing property and equipment purchases with a cost of \$2,500 or greater.

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 4. PROPERTY AND EQUIPMENT (CONT'D.)

Depreciation is provided on a straight-line basis over the following estimated useful lives:

| | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings and Building Improvements | 15-28 |
| Vehicles, Furniture and Equipment | 5 |

Fully depreciated assets are retained in the accounts until such assets are physically retired. Maintenance and repairs are charged to expenses as incurred.

Buildings and Building Improvements

Buildings and building improvements comprise of renovated building located at 2348 Adam Clayton Powell Jr. Boulevard, New York City that were acquired primary through donation from the City of New York and currently occupied by Iris House. The property is recorded at full cost of renovation.

Below is the asset and depreciation cost summary:

| | <u>Buildings</u> | <u>Building Improvements</u> | <u>Furniture & Equipment</u> | <u>Vehicles</u> | <u>Total</u> |
|---------------------------------------|---------------------------|------------------------------|----------------------------------|--------------------|---------------------------|
| Cost: | | | | | |
| Balance, Beginning of Year | \$1,991,492 | \$143,420 | \$338,119 | \$52,760 | \$2,525,791 |
| Additions | - | - | - | - | - |
| Total, End of Year | <u>1,991,492</u> | <u>143,420</u> | <u>338,119</u> | <u>52,760</u> | <u>2,525,791</u> |
| Accumulated Depreciation: | | | | | |
| Balance, Beginning of Year | 644,934 | 42,589 | 266,083 | 52,760 | 1,006,366 |
| Charge for the year | 71,631 | 6,528 | 56,242 | - | 134,401 |
| Total, End of Year | <u>716,565</u> | <u>49,117</u> | <u>322,325</u> | <u>52,760</u> | <u>1,140,767</u> |
| Net Properties & Equipment | <u>\$1,274,927</u> | <u>\$ 94,303</u> | <u>\$ 15,794</u> | <u>\$ -</u> | <u>\$1,385,024</u> |

**IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

NOTE 5. CONTRACT AND GRANT RECEIVABLES

Contract and grant receivables at June 30, 2010 and 2009 respectively, represent primarily, uncollected billings for contract and grant services and consist of the following:

| | <u>2010</u> | <u>2009</u> |
|---|--------------------|-------------------|
| PHS-Ryan White Food and Nutrition Program | \$ 29,075 | \$ 15,022 |
| Harm Reduction Program | 114,603 | 46,995 |
| Emergency Food and Shelter Program | 6,127 | 6,007 |
| Condom Distribution Program | 18,120 | 19,781 |
| New York City Council | 26,971 | 23,144 |
| Legislative Grants | 33,815 | 30,967 |
| NYC-Scatter Site Housing Program | 298,705 | 267,491 |
| NYS Department of Health-COBRA | - | 108,566 |
| Women Support Services Program | 53,418 | 45,703 |
| Community of Color | 11,916 | 18,750 |
| Corporate and Foundation | 350,000 | 150,000 |
| Co-Factors of HIV Transmission Program | 21,502 | 21,978 |
| Black Leadership Program | 65,000 | 65,000 |
| SAMHSA Grant Program | 40,558 | 21,444 |
| Other/Taproot Program | <u>3,700</u> | <u>1,597</u> |
| Total | <u>\$1,073,510</u> | <u>\$ 842,445</u> |

During the year ended June 30, 2010, the outstanding New York State Department of Health-COBRA receivables of \$108,566 was fully written-off which had the effect of exacerbating the net deficit. In addition, if cognizance is taken of the depreciation and amortization expense (a non cash item) of \$134,000 the net deficit would have been approximately \$12,000.

NOTE 6. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of grant funds that are available for specific program purposes and are as follows:

| | <u>2010</u> | <u>2009</u> |
|------------------------------|-------------------|-------------------|
| Robin Hood | \$ 100,000 | \$ 105,000 |
| HIV Youth Prevention Program | - | 25,000 |
| Healthy Living Program | <u>9,310</u> | <u>16,213</u> |
| Total | <u>\$ 109,310</u> | <u>\$ 146,213</u> |

**IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

NOTE 6. RESTRICTIONS ON NET ASSETS (CONT'D.)

Permanently Restricted Net Assets

Permanently restricted net assets consist of grant and funds that must be preserved in perpetuity to provide income for a restricted purpose.

Net Assets Released from Restrictions

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors or by passage of time.

| Operating | <u>2010</u> | <u>2009</u> |
|---------------------------------------|--------------------|--------------------|
| Net assets released from restrictions | <u>\$ 209,903</u> | <u>\$ 58,014</u> |

NOTE 7. CONTRACT REVENUE

Contract revenue primarily from governmental agencies consists of the following at June 30, 2010 and 2009, respectively:

| | <u>2010</u> | <u>2009</u> |
|---|--------------------|--------------------|
| Food and Nutrition Services Program | \$ 299,724 | \$ 325,179 |
| Hunger Prevention and Nutrition Assistance | 2,500 | 3,000 |
| Condom Distribution Program | 148,682 | 148,672 |
| NYC-Scatter Site Housing Program | 1,741,400 | 1,680,690 |
| NYS AIDS Institute-Women Support Services Program | 183,926 | 208,177 |
| Harm Reduction Program | 411,474 | 352,576 |
| NYC-DOHMH-Community of Color Program | 27,085 | 25,000 |
| Legislative Grants | 45,714 | 30,967 |
| Co-Factors of HIV Transmission Program | 155,598 | 158,302 |
| New York City Council | 24,500 | 23,000 |
| Black Leadership Grant Program | 65,000 | 65,000 |
| Partnership for Family Health Program | - | 1,600 |
| SAMHSA Program | 334,372 | 202,418 |
| Office of AIDS Research Evaluation Program | - | 5,000 |
| Federal Emergency Food and Shelter Program | <u>12,253</u> | <u>12,014</u> |
| Total | <u>\$3,452,228</u> | <u>\$3,241,595</u> |

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 8. PROGRAMS

Iris House's principal programs and their acronyms comprise of and are captioned according to funding sources as follows:

Department of Housing and Urban Development Housing Opportunities for Persons Living With AIDS

Passed through New York City Department of Human Resources Administration via HIV/AIDS Services Administration (HASA)

- Scattered Site Housing Program: Provide comprehensive services for housing placement, case management, maintenance support, substance abuse services, educational counseling (housing-enhancement) and administrative support to eligible homeless individuals living with HIV/AIDS who are clients of HASA and their families with children, intensive case management services, referrals to employment programs for training and job placement, and assistance in applying and securing financial entitlements.

**Ryan White HIV/AIDS Treatment Extension Act of 2009
via Public Health Solutions (PHS)**

- Food and Nutrition Services: Provide personal nutritional counseling with a registered dietician, daily cooking classes combined with nutrition education on how to purchase and cook nutritional food, classes for diabetes conducted in English and Spanish for individuals living with HIV/AIDS, and weekly pantry bags of healthy foods and fresh produce.

Ryan White HIV/AIDS Treatment Extension Act of 2009

- Harm Reduction, Recovery Readiness, and Relapse Prevention Services (HR/RR/RP): Provide rapid testing to high risk individuals, training workshops and linkages to treatment adherence education, skills building and support services, and information on drug use and issues facing the Alcohol and Other Drug Abuse population (AOD) and referrals to care.

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 8. PROGRAMS (CONT'D.)

New York City Department of Health and Mental Hygiene (DOHMH) via Public Health Solutions (PHS)

- **Co-Factors of HIV Transmission:** Provide for screening services, referrals and follow- up linkages for assessment and care for two co-factors, depression and substance misuse/abuse including alcohol abuse individuals whose screening results are positive for depression and/or substance abuse and referrals for testing for HIV.
- **Condom Distribution:** Provide condom distribution services on a weekly basis serving the target population of African American and Latino men, women and adolescents through business and outreach activities, HIV/AIDS and condom usage education.

New York State Department of Health AIDS Institute (NYSDOH)

- **Supportive Services for Women and Their Families:** Provide community-based case management and supportive services to women living with HIV/AIDS and their families.
- **Community of Color Initiative:** Provide prevention education services for the high risk population in the Central and East Harlem, workshops on the underlying risk factors contributing to HIV infection and strategies for adopting safe behavior for HIV infection prevention for families, prevention workshops for high-risk and HIV infected teens and young adults to educate the population on HIV risk factors, prevention techniques and resource availability.

New York State and New York City Council Legislative Grants

Grants of various sums that severally supplement other Iris House HIV/AIDS prevention and education programs.

**IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

NOTE 9. LEASE COMMITMENTS

On December 28, 1993, Iris House entered into an initial two year non-cancelable lease agreement and is currently on month to month rental basis, for the ground floor space at 250-252- East 117th Street New York, NY 10034. The base monthly rental (excluding escalation) under this lease is \$2,983.

Iris House originally signed a lease for two machines with Minolta Business Solution in 2003. Effective June 15, 2005, Iris House signed another lease with Canon Business Solution for three copier machines to replace the Minolta lease. This transaction resulted in the buyout of the Minolta lease by Canon for the sum of \$63,102. These leases have been terminated.

In addition, under its Scatter Site Housing program providing residential shelter for its clients, Iris House entered into sixty six (66) apartment lease agreements with various terms of expiration and rental amounts.

The minimum annual rental commitments under each group of these leases are as follows:

| <u>Year</u> | <u>SSH Leases</u> |
|-------------|-----------------------|
| 2011 | \$411,661 |
| 2012 | 137,907 |
| 2013 | <u>3,172</u> |
| Total | <u>\$552,740</u> |

Rental expenses under rental lease obligations for the year ended June 30, 2010 and 2009 were \$779,975 and \$711,253, respectively.

NOTE 10. CONTRACT ADVANCES

Contract advances consist of unexpended grant awards for the following program activities:

| | <u>2010</u> | <u>2009</u> |
|--|------------------|------------------|
| Food and Nutrition Program | \$ 44,562 | \$ 44,562 |
| Harm Reduction Program | 48,654 | 48,654 |
| Condom Distribution Program | 15,500 | 15,000 |
| Co-Factors of HIV Transmission Program | <u>16,436</u> | <u>15,776</u> |
| Total | <u>\$125,152</u> | <u>\$123,992</u> |

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

NOTE 11. PENSION PLAN

On July 1, 1993, Iris House adopted a noncontributory, trustee, and defined contribution pension plan which covers substantially all employees who become eligible after one-half year of service. Annual contribution is based on stipulated rate of 5% of actual compensation. Iris House did not make any contributions to the plan during the fiscal years ended June 30, 2010 and 2009.

NOTE 12. CONCENTRATION OF CREDIT RISK

Iris House maintains its cash in bank deposit accounts in a single financial institution which, at times, exceed federally insured limits. The amounts are within the FDIC insured limit at June 30, 2010 and Iris House has not experienced any losses in such accounts.

NOTE 13. BANK LINE OF CREDIT

In November 2000, Iris House obtained a \$300,000 line of credit arrangement with the JP Morgan Chase to provide for seasonal working capital requirements. Amount borrowed on this line of credit bear interest at a fluctuating rate per annum equal to 2.00% above the Bank's Prime Rate and is secured by its business assets. No amount was borrowed and outstanding at the balance sheet date.

Interest expenses for the year ended June 30, 2010 aggregate \$-0-.

NOTE 14. CONTRACT CONTINGENCIES

In current year substantial portion of the organization's total revenue is derived pursuant to contracts with Federal, State and City government agencies. The ultimate determination of income recognizable and reimbursable under these contracts generally is based upon allowable costs as audited by the various agencies. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount claimed and received in excess of allowable costs. However, in management's opinion, such audits will not have material effect on the financial statements of the organization.

NOTE 15. RECLASSIFICATION

Certain 2009 amounts have been reclassified to conform to current year's presentation.

SUPPLEMENTARY SCHEDULE

IRIS HOUSE
A CENTER FOR WOMEN LIVING WITH HIV, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2010
(With comparative totals for 2009)

| EXPENSE ACCOUNTS: | Program Activities | | | | | | | | | | Support Services | | Total |
|-------------------------------------|---------------------------|----------------------|------------------------|--------------------------|-------------------------|---------------------------|-------------------|---------------------|-------------------|-------------------|---------------------|---------------------|-------|
| | Ryan White | | | | | COBRA | | | | | Support Services | | |
| | Food & Nutrition Services | Scatter Site Housing | Women Support Services | Case Management Services | HIV Prevention Services | Total Government Programs | Other Programs | Total Programs | General Admin. | Fund Raising | 2010 | 2009 | |
| Salaries | \$ 254,576 | \$ 535,058 | \$ 103,552 | \$ - | \$ 632,545 | \$ 1,525,731 | \$ 261,147 | \$ 1,786,878 | \$ 106,218 | \$ 183,262 | \$ 2,076,358 | \$ 1,973,676 | |
| Fringe benefits | 52,719 | 139,268 | 22,565 | - | 160,812 | 375,364 | 30,397 | 405,761 | 16,056 | 33,624 | 455,441 | 463,298 | |
| Liability insurance | 70 | 20,713 | - | - | 2,551 | 23,334 | - | 23,334 | 12,732 | - | 36,066 | 38,894 | |
| Consultants | 2,070 | 5,021 | 20,808 | - | 79,136 | 107,035 | 6,943 | 113,978 | 11,893 | 46,395 | 172,266 | 264,263 | |
| Printing and duplication | 3,295 | 3,240 | 2,201 | - | 12,515 | 21,251 | 4,395 | 25,646 | 4,742 | 5,710 | 36,098 | 43,254 | |
| Telephone | 1,593 | 22,324 | 1,868 | - | 11,873 | 37,658 | - | 37,658 | 4,953 | - | 42,611 | 49,189 | |
| Program supplies | 2,620 | - | 12,526 | - | 37,670 | 52,816 | 21,878 | 74,694 | 12,560 | 775 | 88,029 | 76,142 | |
| Furnishings | - | 28,997 | - | - | - | 28,997 | - | 28,997 | - | - | 28,997 | 22,949 | |
| Food expenses | 190,700 | - | - | - | - | 190,700 | - | 190,700 | - | - | 190,700 | 179,232 | |
| Recreation and educational supplies | - | 4,059 | 2,250 | - | 1,767 | 8,076 | - | 8,076 | 4,280 | - | 12,356 | 21,164 | |
| Office supplies | 1,958 | 4,345 | 1,752 | - | 12,789 | 20,844 | 1,229 | 22,073 | 6,746 | 1,673 | 30,492 | 43,526 | |
| Payroll processing and bank charges | 1,687 | 2,103 | 707 | - | 1,152 | 5,649 | - | 5,649 | 11,903 | - | 17,552 | 15,260 | |
| Parking and gas | - | 10,304 | - | - | 35 | 10,339 | 269 | 10,608 | 1,095 | 236 | 11,939 | 13,596 | |
| Postage and messenger service | 147 | 344 | 519 | - | 2,094 | 3,104 | - | 3,104 | 3,261 | 1,138 | 7,503 | 10,287 | |
| Dues and subscriptions | 1,465 | 4,105 | - | - | - | 5,570 | 200 | 5,770 | 7,300 | 4,517 | 17,587 | 5,913 | |
| Client travel | 21,785 | 7,317 | 13,780 | - | 28,063 | 70,945 | 1,670 | 72,615 | 1,015 | - | 73,630 | 56,049 | |
| Staff travel | 239 | 3,217 | 343 | - | 10,027 | 13,826 | - | 13,826 | 1,658 | 183 | 15,667 | 13,165 | |
| Staff training and development | 449 | 2,677 | 194 | - | 3,930 | 7,250 | - | 7,250 | 5,616 | 355 | 13,221 | 25,057 | |
| Rent office/storage | - | 6,725 | - | - | 33,145 | 39,870 | 9,600 | 49,470 | 5,987 | 16,183 | 71,640 | 73,285 | |
| Rent client apartment | - | 779,975 | - | - | - | 779,975 | - | 779,975 | - | - | 779,975 | 711,253 | |
| Utilities office | 6,126 | 6,496 | 2,603 | - | 18,636 | 33,861 | - | 33,861 | 13,808 | - | 47,669 | 50,508 | |
| Utilities client apartment | - | 23,953 | - | - | - | 23,953 | - | 23,953 | - | - | 23,953 | 25,296 | |
| Repairs, cleaning and maintenance | 1,722 | 17,683 | - | - | 9,010 | 28,415 | - | 28,415 | 11,404 | - | 39,819 | 23,194 | |
| Equipment rental and repair | - | - | - | - | 527 | 527 | 820 | 1,347 | 8,292 | - | 9,639 | 4,976 | |
| Incentives and emergency funds | - | - | 674 | - | - | 674 | - | 674 | - | - | 674 | 3,857 | |
| Advertising | 60 | 79 | - | - | 475 | 614 | - | 614 | 349 | - | 963 | 748,520 | |
| Professional fees | 2,250 | 34,916 | 1,511 | - | 5,466 | 44,143 | - | 44,143 | 1,378 | - | 45,521 | 47,234 | |
| Bad debts | - | 33,512 | - | - | 651 | 142,729 | - | 142,729 | 7,441 | - | 150,170 | 11,322 | |
| Depreciation and amortization | - | - | - | - | - | - | - | - | 134,401 | - | 134,401 | 96,599 | |
| Miscellaneous | - | 5,722 | - | - | 948 | 6,670 | 2,433 | 9,103 | 13,408 | 264 | 22,775 | 9,500 | |
| TOTAL EXPENSES | \$ 545,531 | \$ 1,702,153 | \$ 187,853 | \$ 108,566 | \$ 1,065,817 | \$ 3,609,920 | \$ 340,981 | \$ 3,950,901 | \$ 408,496 | \$ 294,315 | \$ 4,653,712 | \$ 5,120,458 | |
| Capitalized expenditures | - | - | - | - | - | - | - | - | - | - | - | - | |

"The accompanying notes are an integral part of these financial statements."