

**Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury  
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

**A** For the 2005 calendar year, or tax year beginning **JUL 1, 2005** and ending **JUN 30, 2006**

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type See Specific Instructions	<b>C</b> Name of organization <b>LENOX HILL NEIGHBORHOOD HOUSE, INC.</b>		<b>D</b> Employer identification number <b>13-1628180</b>
		Number and street (or P O box if mail is not delivered to street address) Room/suite <b>331 EAST 70TH STREET</b>		<b>E</b> Telephone number <b>(212) 744-5022</b>
		City or town, state or country, and ZIP + 4 <b>NEW YORK, NY 10021</b>		<b>F</b> Accounting method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) ▶
		• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).		

**G** Website ▶ **WWW.LENOXHILL.ORG**

**H** and **I** are not applicable to section 527 organizations

**H(a)** Is this a group return for affiliates?  Yes  No

**H(b)** If "Yes," enter number of affiliates ▶ **N/A**

**H(c)** Are all affiliates included? **N/A**  Yes  No (if "No," attach a list)

**H(d)** Is this a separate return filed by an organization covered by a group ruling?  Yes  No

**I** Group Exemption Number ▶ **N/A**

**J** Organization type (check only one)  501(c) ( **3** ) (insert no)  4947(a)(1) or  527

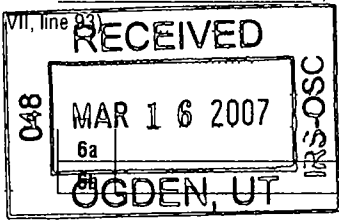
**K** Check here  if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization chooses to file a return, be sure to file a complete return. Some states require a complete return.

**L** Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **19,161,840.**

**M** Check  if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF)

**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances**

Revenue	1	Contributions, gifts, grants, and similar amounts received				
	a	Direct public support	1a	3,952,454.		
	b	Indirect public support	1b			
	c	Government contributions (grants)	1c	8,800,041.		
	d	Total (add lines 1a through 1c) (cash \$ <u>12,752,495.</u> noncash \$ )	1d		12,752,495.	
	2	Program service revenue including government fees and contracts (from Part VII, line 8)	2			
	3	Membership dues and assessments	3		1,188,134.	
	4	Interest on savings and temporary cash investments	4		40,914.	
	5	Dividends and interest from securities	5		86,677.	
	6a	Gross rents	6a			
	b	Less rental expenses				
	c	Net rental income or (loss) (subtract line 6b from line 6a)	6c			
7	Other investment income (describe ▶ )	7				
Revenue	8a	Gross amount from sales of assets other than inventory	(A) Securities	4,935,750.	8a	
	b	Less cost or other basis and sales expenses		4,699,484.	8b	
	c	Gain or (loss) (attach schedule)		236,266.	8c	
	d	Net gain or (loss) (combine line 8c, columns (A) and (B)) <b>STMT 1</b>	8d		236,266.	
Revenue	9	Special events and activities (attach schedule) If any amount is from gaming, check here <input type="checkbox"/>				
	a	Gross revenue (not including \$ <u>1,304,928.</u> of contributions reported on line 1a)	9a	125,870.		
	b	Less direct expenses other than fundraising expenses	9b	127,440.		
c	Net income or (loss) from special events (subtract line 9b from line 9a) <b>SEE STATEMENT 2</b>	9c		<1,570.>		
Revenue	10a	Gross sales of inventory, less returns and allowances	10a			
	b	Less cost of goods sold	10b			
	c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c			
11	Other revenue (from Part VII, line 103)	11		32,000.		
12	<b>Total revenue</b> (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		14,334,916.		
Expenses	13	Program services (from line 44, column (B))	13		10,454,576.	
	14	Management and general (from line 44, column (C))	14		1,229,183.	
	15	Fundraising (from line 44, column (D))	15		641,319.	
	16	Payments to affiliates (attach schedule)	16			
	17	<b>Total expenses</b> (add lines 16 and 44, column (A))	17		12,325,078.	
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18		2,009,838.		
Net Assets	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		7,030,469.	
	20	Other changes in net assets or fund balances (attach explanation) <b>SEE STATEMENT 3</b>	20		<44,726.>	
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		8,995,581.	



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**Part II** **Statement of Functional Expenses**

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) (cash \$ <u>0</u> - noncash \$ <u>0</u> ) If this amount includes foreign grants, check here <input type="checkbox"/>				
23 Specific assistance to individuals (attach schedule)				
24 Benefits paid to or for members (attach schedule)				
25 Compensation of officers, directors, etc. * *	296,338.	109,226.	187,112.	0.
26 Other salaries and wages	5,927,085.	5,233,158.	451,879.	242,048.
27 Pension plan contributions	288,495.	230,444.	47,635.	10,416.
28 Other employee benefits	971,237.	831,899.	107,366.	31,972.
29 Payroll taxes	474,213.	398,338.	56,906.	18,969.
30 Professional fundraising fees				
31 Accounting fees				
32 Legal fees				
33 Supplies	258,717.	154,151.	35,854.	68,712.
34 Telephone	130,956.	106,627.	17,204.	7,125.
35 Postage and shipping				
36 Occupancy	857,071.	806,589.	38,389.	12,093.
37 Equipment rental and maintenance	206,834.	180,272.	11,480.	15,082.
38 Printing and publications				
39 Travel	82,691.	72,166.	10,483.	42.
40 Conferences, conventions, and meetings				
41 Interest				
42 Depreciation, depletion, etc (attach schedule)	340,864.	287,075.	40,904.	12,885.
43 Other expenses not covered above (itemize)				
a				
b				
c				
d				
e				
f				
g SEE STATEMENT 4	2,490,577.	2,044,631.	223,971.	221,975.
44 Total functional expenses. Add lines 22 through 43 (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	12,325,078.	10,454,576.	1,229,183.	641,319.

Joint Costs. Check  if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services?  Yes  No

If "Yes," enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_, (ii) the amount allocated to Program services \$ \_\_\_\_\_,

(iii) the amount allocated to Management and general \$ \_\_\_\_\_, and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_

\*\* SEE STATEMENT 5

Part III Statement of Program Service Accomplishments (See the instructions)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments

What is the organization's primary exempt purpose? <b>STATEMENT 11</b>	Program Service Expenses (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others)
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others)	
<b>a YOUTH AND FAMILY SERVICES- STATEMENT 11</b>	
(Grants and allocations \$ 0 . ) If this amount includes foreign grants, check here <input type="checkbox"/>	3,024,805 .
<b>b OLDER ADULT SERVICES- STATEMENT 11</b>	
(Grants and allocations \$ 0 . ) If this amount includes foreign grants, check here <input type="checkbox"/>	2,390,954 .
<b>c COMMUNITY SERVICES AND EDUCATION- STATEMENT 11</b>	
(Grants and allocations \$ 0 . ) If this amount includes foreign grants, check here <input type="checkbox"/>	319,473 .
<b>d HOMELESS SERVICES- STATEMENT 11</b>	
(Grants and allocations \$ 0 . ) If this amount includes foreign grants, check here <input type="checkbox"/>	3,552,459 .
<b>e Other program services (attach schedule) SEE STATEMENT 6</b>	
(Grants and allocations \$ 0 . ) If this amount includes foreign grants, check here <input type="checkbox"/>	1,166,885 .
<b>f Total of Program Service Expenses</b> (should equal line 44, column (B), Program services)	10,454,576 .

**Part IV Balance Sheets** (See the instructions.)

**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only

		(A) Beginning of year		(B) End of year
<b>Assets</b>	45 Cash	1,724,914.	45	1,310,159.
	46 Savings and temporary cash investments		46	
	47 a Accounts receivable	47a 1,796,619.		
	b Less: allowance for doubtful accounts	47b 31,543.	1,321,085.	47c 1,765,076.
	48 a Pledges receivable	48a 802,196.		
	b Less: allowance for doubtful accounts	48b	202,435.	48c 802,196.
	49 Grants receivable			49
	50 Receivables from officers, directors, trustees, and key employees			50
	51 a Other notes and loans receivable	51a		
	b Less: allowance for doubtful accounts	51b		51c
	52 Inventories for sale or use			52
	53 Prepaid expenses and deferred charges		123,842.	53 115,980.
	54 Investments - securities STMT 8 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV		2,682,869.	54 3,777,583.
	55 a Investments - land, buildings, and equipment - basis	55a		
b Less: accumulated depreciation	55b		55c	
56 Investments - other			56	
57 a Land, buildings, and equipment: basis	57a 4,186,095.			
b Less: accumulated depreciation STMT 7	57b 1,806,121.	2,357,263.	57c 2,379,974.	
58 Other assets (describe <input type="checkbox"/> )			58	
<b>59 Total assets</b> (must equal line 74). Add lines 45 through 58		8,412,408.	59 10,150,968.	
<b>Liabilities</b>	60 Accounts payable and accrued expenses	1,168,400.	60	945,820.
	61 Grants payable		61	
	62 Deferred revenue	213,539.	62	209,567.
	63 Loans from officers, directors, trustees, and key employees		63	
	64 a Tax-exempt bond liabilities		64a	
	b Mortgages and other notes payable		64b	
	65 Other liabilities (describe <input type="checkbox"/> )			65
<b>66 Total liabilities.</b> Add lines 60 through 65)		1,381,939.	66 1,155,387.	
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.</b>			
	67 Unrestricted	6,148,151.	67	7,250,843.
	68 Temporarily restricted	793,458.	68	1,394,597.
	69 Permanently restricted	88,860.	69	350,141.
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.</b>			
	70 Capital stock, trust principal, or current funds		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	<b>73 Total net assets or fund balances</b> (add lines 67 through 69 or lines 70 through 72, column (A) must equal line 19, column (B) must equal line 21)		7,030,469.	73 8,995,581.
	<b>74 Total liabilities and net assets/fund balances.</b> Add lines 66 and 73		8,412,408.	74 10,150,968.

**Part IV-A Reconciliation of Revenue per Audited Financial Statements With Revenue per Return** (See the instructions)

<b>a</b>	Total revenue, gains, and other support per audited financial statements		<b>a</b>	14,354,940.
<b>b</b>	Amounts included on line <b>a</b> but not on Part I, line 12:			
1	Net unrealized gains on investments	b1	133,467.	
2	Donated services and use of facilities	b2	112,007.	
3	Recoveries of prior year grants	b3		
4	Other (specify): <u>INDIRECT SPECIAL EVENT EXPENSE</u>	b4	<195,405.>	
	Add lines <b>b1</b> through <b>b4</b>			<b>b</b> 50,069.
<b>c</b>	Subtract line <b>b</b> from line <b>a</b>			<b>c</b> 14,304,871.
<b>d</b>	Amounts included on Part I, line 12, but not on line <b>a</b> :			
1	Investment expenses not included on Part I, line 6b	d1	30,045.	
2	Other (specify):	d2		
	Add lines <b>d1</b> and <b>d2</b>			<b>d</b> 30,045.
<b>e</b>	<b>Total revenue</b> (Part I, line 12). Add lines <b>c</b> and <b>d</b>			<b>e</b> 14,334,916.

**Part IV-B Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

<b>a</b>	Total expenses and losses per audited financial statements		<b>a</b>	12,211,635.
<b>b</b>	Amounts included on line <b>a</b> but not on Part I, line 17:			
1	Donated services and use of facilities	b1	112,007.	
2	Prior year adjustments reported on Part I, line 20	b2		
3	Losses reported on Part I, line 20	b3		
4	Other (specify):	b4		
	Add lines <b>b1</b> through <b>b4</b>			<b>b</b> 112,007.
<b>c</b>	Subtract line <b>b</b> from line <b>a</b>			<b>c</b> 12,099,628.
<b>d</b>	Amounts included on Part I, line 17, but not on line <b>a</b> :			
1	Investment expenses not included on Part I, line 6b	d1	30,045.	
2	Other (specify): <u>INDIRECT SPECIAL EVENT EXPENSE</u>	d2	195,405.	
	Add lines <b>d1</b> and <b>d2</b>			<b>d</b> 225,450.
<b>e</b>	<b>Total expenses</b> (Part I, line 17). Add lines <b>c</b> and <b>d</b>			<b>e</b> 12,325,078.

**Part V-A Current Officers, Directors, Trustees, and Key Employees** (List each person who was an officer, director, trustee, or key employee at any time during the year even if they were not compensated.) (See the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation plans	(E) Expense account and other allowances
SEE STATEMENT 9		296,338.	24,724.	0.



Part VI Other Information (continued)		Yes	No
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.)	82b	112,007.
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85	501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85a	N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.	85b	N/A
c	Dues, assessments, and similar amounts from members	85c	N/A
d	Section 162(e) lobbying and political expenditures	85d	N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	N/A
86	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12	86a	N/A
b	Gross receipts, included on line 12, for public use of club facilities	86b	N/A
87	501(c)(12) organizations. Enter: a Gross income from members or shareholders	87a	N/A
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	X
89 a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0., section 4912 ▶ 0., section 4955 ▶ 0.		
b	501(c)(3) and 501(c)(4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		0.
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization		0.
90 a	List the states with which a copy of this return is filed ▶ NY		
b	Number of employees employed in the pay period that includes March 12, 2005	90b	222
91 a	The books are in care of ▶ JOSEPH GIRVEN Telephone no ▶ (212) 744-5022 Located at ▶ 331 EAST 70TH STREET, NEW YORK, NY ZIP + 4 ▶ 10021		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country ▶ N/A See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	91b	X
c	At any time during the calendar year, did the organization maintain an office outside of the United States? If "Yes," enter the name of the foreign country ▶ N/A	91c	X
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here and enter the amount of tax-exempt interest received or accrued during the tax year	92	N/A

**Part VII Analysis of Income-Producing Activities** (See the instructions)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a _____					
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					1,188,134.
95 Interest on savings and temporary cash investments			14	40,914.	
96 Dividends and interest from securities			14	86,677.	
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			16	236,266.	
101 Net income or (loss) from special events			18	<1,570.>	
102 Gross profit or (loss) from sales of inventory					
103 Other revenue:					
a <b>INSURANCE PROCEEDS</b>			01	32,000.	
b _____					
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))		0.		394,287.	1,188,134.
105 Total (add line 104, columns (B), (D), and (E))					1,582,421.

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes** (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
94	FEES CHARGED TO INDIVIDUALS PARTICIPATING IN THE ORGANIZATION'S PROGRAM.

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions)

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here: Signature of officer: [Signature] Date: 3/5/07 Type or print name and title: RAJ ALVA, TREASURER

Paid Preparer's Use Only: Preparer's signature: [Signature] Date: 3/1/07 Check if self-employed:  Preparer's SSN or PTIN: \_\_\_\_\_  
 Firm's name (or yours if self-employed), address, and ZIP + 4: MARKS PANETH & SHRON LLP  
622 THIRD AVENUE  
NEW YORK, NEW YORK 10017 EIN: \_\_\_\_\_ Phone no: 212 503-8800

**SCHEDULE A**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Organization Exempt Under Section 501(c)(3)**

(Except Private Foundation) and Section 501(e), 501(f), 501(k),  
501(n), or 4947(a)(1) Nonexempt Charitable Trust

**Supplementary Information-(See separate instructions.)**  
▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No 1545-0047

**2005**

Name of the organization: **LENOX HILL NEIGHBORHOOD HOUSE, INC.** Employer identification number: **13 1628180**

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See page 1 of the instructions List each one If there are none, enter "None ")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
MARK ANDERMANIS 331 EAST 70TH STREET, NEW YORK, NY 10	DIR. FAC. 35.00	95,302.	14,215.	0.
CLARA DORDULAW 331 EAST 70TH STREET, NEW YORK, NY 10	CONTROLLER 35.00	93,127.	13,568.	0.
MARIAN DETELJ 331 EAST 70TH STREET, NEW YORK, NY 10	DIR. Y.F.S. 35.00	79,581.	0.	0.
JACQUELINE HALPERN 331 EAST 70TH STREET, NEW YORK, NY 10	GRANT DIRECTOR 35.00	80,486.	7,738.	0.
SUSAN MORITZ 331 EAST 70TH STREET, NEW YORK, NY 10	DIR. ADULT SERVICES 35.00	73,936.	7,296.	0.
Total number of other employees paid over \$50,000 ▶	9			

**Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services**  
(See page 2 of the instructions List each one (whether individuals or firms) If there are none, enter "None ")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
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Total number of others receiving over \$50,000 for professional services ▶	0	

**Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services**  
(List each contractor who performed services other than professional services, whether individuals or firms If there are none, enter "None " See page 2 of the instructions )

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
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-----		
-----		
-----		
-----		
Total number of other contractors receiving over \$50,000 for other services ▶	0	

<b>Part III</b> Statements About Activities (See page 2 of the instructions)	Yes	No
<b>1</b> During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities	1	X
<b>2</b> During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions)		
<b>a</b> Sale, exchange, or leasing of property?	2a	X
<b>b</b> Lending of money or other extension of credit?	2b	X
<b>c</b> Furnishing of goods, services, or facilities?	2c	X
<b>d</b> Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE PART V-A, FORM 990	2d	X
<b>e</b> Transfer of any part of its income or assets?	2e	X
<b>3 a</b> Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments)	3a	X
<b>b</b> Do you have a section 403(b) annuity plan for your employees?	3b	X
<b>c</b> During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?	3c	X
<b>4 a</b> Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4a	X
<b>b</b> Do you provide credit counseling, debt management, credit repair, or debt negotiation services?	4b	X

SEE STATEMENT 12

**Part IV Reason for Non-Private Foundation Status** (See pages 3 through 6 of the instructions)

The organization is not a private foundation because it is (Please check only **ONE** applicable box)

5  A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)

6  A school Section 170(b)(1)(A)(ii) (Also complete Part V)

7  A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)

8  A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)

9  A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) Enter the hospital's name, city, and state ► \_\_\_\_\_

10  An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A)

11a  An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)

11b  A community trust Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)

12  An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A)

13  An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) sections 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) Check the box that describes the type of supporting organization ►  Type 1  Type 2  Type 3

Provide the following information about the supported organizations (See page 6 of the instructions)

(a) Name(s) of supported organization(s)	(b) Line number from above

14  An organization organized and operated to test for public safety Section 509(a)(4) (See page 6 of the instructions)

**Part IV-A Support Schedule** (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting.  
 Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	11,851,650.	11,287,260.	11,294,479.	11,193,077.	45,626,466.
16 Membership fees received	1,310,736.	690,557.	916,020.	1,144,415.	4,061,728.
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	156,345.	141,399.	181,703.	249,163.	728,610.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	85,202.	139,950.	235,460.	155,509.	616,121.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.					
23 Total of lines 15 through 22	13,403,933.	12,259,166.	12,627,662.	12,742,164.	51,032,925.
24 Line 23 minus line 17	13,247,588.	12,117,767.	12,445,959.	12,493,001.	50,304,315.
25 Enter 1% of line 23	134,039.	122,592.	126,277.	127,422.	

26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24	26a	N/A
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2001 through 2004 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts	26b	N/A
c Total support for section 509(a)(1) test. Enter line 24, column (e)	26c	N/A
d Add: Amounts from column (e) for lines 18 _____ 19 _____ 22 _____ 26b _____	26d	N/A
e Public support (line 26c minus line 26d total)	26e	N/A
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))	26f	N/A %

27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year.	(2004)	619,303.	(2003)	706,085.	(2002)	591,480.	(2001)	763,441.
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year.	(2004)	0.	(2003)	0.	(2002)	0.	(2001)	0.
c Add: Amounts from column (e) for lines 15 _____ 16 _____ 17 _____ 20 _____ 21 _____	27c	50,416,804.						
d Add: Line 27a total _____ and line 27b total _____	27d	2,680,309.						
e Public support (line 27c total minus line 27d total)	27e	47,736,495.						
f Total support for section 509(a)(2) test. Enter amount on line 23, column (e)	27f	51,032,925.						
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))	27g	93.5406%						
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))	27h	1.2073%						

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15

**Part V Private School Questionnaire** (See page 7 of the instructions )

N/A

**(To be completed ONLY by schools that checked the box on line 6 in Part IV)**

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement )		
	_____		
	_____		
	_____		
32	Does the organization maintain the following		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement )	32d	
	_____		
	_____		
33	Does the organization discriminate by race in any way with respect to		
a	Students' rights or privileges?	33a	
b	Admissions policies?	33b	
c	Employment of faculty or administrative staff?	33c	
d	Scholarships or other financial assistance?	33d	
e	Educational policies?	33e	
f	Use of facilities?	33f	
g	Athletic programs?	33g	
h	Other extracurricular activities? If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement )	33h	
	_____		
	_____		
34 a	Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement	34b	
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev Proc 75-50, 1975-2 C B 587, covering racial nondiscrimination? If "No," attach an explanation	35	

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions) N/A

(To be completed ONLY by an eligible organization that filed Form 5768)

Check  **a**  if the organization belongs to an affiliated group Check  **b**  if you checked "a" and "limited control" provisions apply

<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred )	(a) Affiliated group totals	(b) To be completed for ALL electing organizations												
	N/A													
<b>36</b> Total lobbying expenditures to influence public opinion (grassroots lobbying)	<b>36</b>													
<b>37</b> Total lobbying expenditures to influence a legislative body (direct lobbying)	<b>37</b>													
<b>38</b> Total lobbying expenditures (add lines 36 and 37)	<b>38</b>													
<b>39</b> Other exempt purpose expenditures	<b>39</b>													
<b>40</b> Total exempt purpose expenditures (add lines 38 and 39)	<b>40</b>													
<b>41</b> Lobbying nontaxable amount Enter the amount from the following table -														
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"><b>If the amount on line 40 is -</b></td> <td style="width: 50%;"><b>The lobbying nontaxable amount is -</b></td> </tr> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 40</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </table>	<b>If the amount on line 40 is -</b>	<b>The lobbying nontaxable amount is -</b>	Not over \$500,000	20% of the amount on line 40	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000	<b>41</b>	
<b>If the amount on line 40 is -</b>	<b>The lobbying nontaxable amount is -</b>													
Not over \$500,000	20% of the amount on line 40													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000													
Over \$17,000,000	\$1,000,000													
<b>42</b> Grassroots nontaxable amount (enter 25% of line 41)	<b>42</b>													
<b>43</b> Subtract line 42 from line 36 Enter -0- if line 42 is more than line 36	<b>43</b>													
<b>44</b> Subtract line 41 from line 38 Enter -0- if line 41 is more than line 38	<b>44</b>													

**Caution:** If there is an amount on either line 43 or line 44, you must file Form 4720

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below See the instructions for lines 45 through 50 on page 11 of the instructions )

Calendar year (or fiscal year beginning in) <input type="checkbox"/>	Lobbying Expenditures During 4-Year Averaging Period				N/A
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
<b>45</b> Lobbying nontaxable amount					0.
<b>46</b> Lobbying ceiling amount (150% of line 45(e))					0.
<b>47</b> Total lobbying expenditures					0.
<b>48</b> Grassroots nontaxable amount					0.
<b>49</b> Grassroots ceiling amount (150% of line 48(e))					0.
<b>50</b> Grassroots lobbying expenditures					0.

**Part VI-B Lobbying Activity by Nonelecting Public Charities** (For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions) N/A

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	Yes	No	Amount
<b>a</b> Volunteers			
<b>b</b> Paid staff or management (Include compensation in expenses reported on lines c through h.)			
<b>c</b> Media advertisements			
<b>d</b> Mailings to members, legislators, or the public			
<b>e</b> Publications, or published or broadcast statements			
<b>f</b> Grants to other organizations for lobbying purposes			
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body			
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
<b>i</b> Total lobbying expenditures (Add lines c through h.)			0.

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities



2005 DEPRECIATION AND AMORTIZATION REPORT  
FORM 990 PAGE 2

990

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Amount Of Depreciation
1	LAND		L			164,999.			164,999.			
2	BUILDING -SL 50 YRS.		SL	.000	16	499,481.			499,481.	499,481.		
3	BUILDING IMPROVEMENTS - SL 3-20 YRS.		SL	.000	16	3321569.			3321569.	1177460.		271,941
4	FURNITURE AND EQUIPMENT - SL 5 YRS.		SL	.000	16	200,046.			200,046.	129,180.		68,983
	* TOTAL 990 PAGE 2 DEPR					4186095.		0.	4186095.	1806121.	0	340,867
												990 Section 179

\* ITC, Section 179, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

(D) - Asset disposed

FORM 990 GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES STATEMENT 1

DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
REALIZED GAIN ON INVESTMENT	4,935,750.	4,699,484.	0.	236,266.
TO FORM 990, PART I, LINE 8	4,935,750.	4,699,484.	0.	236,266.

FORM 990 SPECIAL EVENTS AND ACTIVITIES STATEMENT 2

DESCRIPTION OF EVENT	GROSS RECEIPTS	CONTRIBUT. INCLUDED	GROSS REVENUE	DIRECT EXPENSES	NET INCOME
SPRING GALA	784,960.	708,095.	76,865.	66,810.	10,055.
HOLIDAY BAZAAR	413,254.	397,604.	15,650.	30,701.	<15,051.>
ASSOCIATE'S EVENTS	96,550.	69,755.	26,795.	29,929.	<3,134.>
OTHER EVENTS	136,034.	129,474.	6,560.	0.	6,560.
TO FM 990, PART I, LINE 9	1,430,798.	1,304,928.	125,870.	127,440.	<1,570.>

FORM 990 OTHER CHANGES IN NET ASSETS OR FUND BALANCES STATEMENT 3

DESCRIPTION	AMOUNT
UNREALIZED GAIN ON INVESTMENTS	133,467.
RECOGNITION OF MINIMUM PENSION LIABILITY	<76,376.>
RESTATEMENT OF BEGINNING NET ASSETS	<101,817.>
TOTAL TO FORM 990, PART I, LINE 20	<44,726.>

FORM 990 OTHER EXPENSES STATEMENT 4

DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING
PROFESSIONAL FEES	70,467.	18,828.	51,639.	
SERVICES PROVIDED BY NON-AGENCY PERSONNEL	326,630.	295,741.	29,638.	1,251.
INSURANCE	134,983.	112,869.	16,916.	5,198.
PROGRAM ACTIVITIES	201,960.	198,091.	3,770.	99.

REPAIRS AND MATERIALS	494,229.	463,030.	23,303.	7,896.
FOOD	705,681.	677,340.	27,793.	548.
PAYMENT TO SUBGRANTEES	76,933.	76,933.		
BAD DEBT EXPENSE	66,650.	66,650.		
OTHER	187,594.	135,149.	40,867.	11,578.
INVESTMENT EXPENSES	30,045.		30,045.	
INDIRECT SPECIAL EVENT EXPENSES	195,405.			195,405.
TOTAL TO FM 990, LN 43	<u>2,490,577.</u>	<u>2,044,631.</u>	<u>223,971.</u>	<u>221,975.</u>

FORM 990 OFFICER COMPENSATION ALLOCATION STATEMENT 5  
PART II, LINE 25

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
WARREN R. SCHARF	170,896.	15,522.		186,418.
A. PROGRAM SERVICES	94,899.	8,619.		103,518.
B. MANAGEMENT AND GENERAL	75,997.	6,903.		82,900.
C. FUNDRAISING				

NAME OF OFFICER, ETC.	COMPENSATION	EMPLOYEE BEN. PLANS	EXPENSE ACCOUNTS	TOTALS
JOSEPH H. GIRVEN	125,442.	9,201.		134,643.
A. PROGRAM SERVICES	14,327.	1,051.		15,378.
B. MANAGEMENT AND GENERAL	111,115.	8,150.		119,265.
C. FUNDRAISING				

TOTAL PROGRAM SERVICES				118,896.
TOTAL MANAGEMENT AND GENERAL				202,165.
TOTAL FUNDRAISING				
TOTAL OFFICER, ETC., COMPENSATION INCLUDED ON PARTS V-A AND V-B				<u>321,061.</u>

FORM 990 OTHER PROGRAM SERVICES STATEMENT 6

DESCRIPTION	GRANTS AND ALLOCATIONS	EXPENSES
SEE STATEMENT 11 DETAIL	0.	1,166,885.
TOTAL TO FORM 990, PART III, LINE E		<u>1,166,885.</u>

FORM 990 DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 7

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
LAND	164,999.	0.	164,999.
BUILDING -SL 50 YRS.	499,481.	499,481.	0.
BUILDING IMPROVEMENTS- SL 3-20 YRS.	3,321,569.	1,177,460.	2,144,109.
FURNITURE AND EQUIPMENT- SL 5 YRS.	200,046.	129,180.	70,866.
TOTAL TO FORM 990, PART IV, LN 57	4,186,095.	1,806,121.	2,379,974.

FORM 990 OTHER SECURITIES STATEMENT 8

SECURITY DESCRIPTION	COST/FMV	OTHER SECURITIES
FIXED INCOME	FMV	1,925,281.
EQUITIES	FMV	1,852,302.
TO FORM 990, LINE 54, COL B		3,777,583.

FORM 990                      PART V-A - LIST OF OFFICERS, DIRECTORS,  
TRUSTEES AND KEY EMPLOYEES                      STATEMENT 9

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
WARREN B. SCHARF 331 EAST 70TH STREET NEW YORK. NY 10021	EXECUTIVE DIRECTOR 35.00	170,896.	15,522.	0.
JOSEPH H. GIRVEN 331 EAST 70TH STREET NEW YORK. NY 10021	DEPUTY EXE. DIR. FIN./CFO 35.00	125,442.	9,202.	0.
SYDNEY ROBERTS SHUMAN 331 EAST 70TH STREET NEW YORK. NY 10021	CHAIR 1.00	0.	0.	0.
DIANA RONAN QUASHA 331 EAST 70TH STREET NEW YORK. NY 10021	CHAIR 1.00	0.	0.	0.
THOMAS J. EDELMAN 331 EAST 70TH STREET NEW YORK. NY 10021	PRESIDENT 1.00	0.	0.	0.
RENEE LANDEGGER 331 EAST 70TH STREET NEW YORK. NY 10021	FIRST VICE PRESIDENT 1.00	0.	0.	0.
ALLEN ADLER 331 EAST 70TH STREET NEW YORK. NY 10021	VICE PRESIDENT 1.00	0.	0.	0.
GARY A. BELLER 331 EAST 70TH STREET NEW YORK. NY 10021	VICE PRESIDENT 1.00	0.	0.	0.
CHRISTY PENNOYER 331 EAST 70TH STREET NEW YORK. NY 10021	VICE PRESIDET 1.00	0.	0.	0.
JOHN ROSSELLI 331 EAST 70TH STREET NEW YORK. NY 10021	VICE PRESIDENT 1.00	0.	0.	0.
DAVID M. WIRTZ 331 EAST 70TH STREET NEW YORK. NY 10021	VICE PRESIDENT 1.00	0.	0.	0.

LENOX HILL NEIGHBORHOOD HOUSE, INC.

13-1628180

HELENE H. TILNEY 331 EAST 70TH STREET NEW YORK. NY 10021	SECRETARY 1.00	0.	0.	0.
MAL L. BARASCH 331 EAST 70TH STREET NEW YORK. NY 10021	TREASURER 1.00	0.	0.	0.
MARK J. KIMSEY 331 EAST 70TH STREET NEW YORK. NY 10021	ASSISTANT TREASURER 1.00	0.	0.	0.
CHARLES AYRES 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
RAJ ALVA 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
MRS. HAROLD D'O. BAKER 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
MARGERIE BAKER-RIKER 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
THOMPSON DEAN 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
JONATHAN GARGIULO 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
HELENE D. GOLDFARB 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
DR. ROGER L. GREIF 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
MRS. JAY V. GRIMM 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
MRS. MARTIN GRUSS 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.

LENOX HILL NEIGHBORHOOD HOUSE, INC.

13-1628180

JANE S. HOFFMAN 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
AMABEL B. JAMES 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
ROBERT KERRIGAN 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
JOHN H. MANICE 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
JOAN MASKET 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
MARTIN D. RAAB 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
PHYLLIS C. ROBINSON 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
GUY G. RUTHERFURD JR. 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
JUAN A. SABATER 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
CHARLES S. WARREN 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
HEDI H. WHITE 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
BUNNY WILLIAMS 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.
MRS STANLEY ZABAR 331 EAST 70TH STREET NEW YORK. NY 10021	DIRECTOR 1.00	0.	0.	0.

LENOX' HILL NEIGHBORHOOD HOUSE, INC.

13-1628180

EVA DILLON	DIRECTOR			
331 EAST 70TH STREET	1.00	0.	0.	0.
NEW YORK. NY 10021				
JULIA WALLACE	DIRECTOR			
331 EAST 70TH STREET	1.00	0.	0.	0.
NEW YORK. NY 10021				

TOTALS INCLUDED ON FORM 990, PART V-A

296,338.    24,724.    0.

LENOX HILL NEIGHBORHOOD HOUSE  
 EIN 13-1628180  
 FORM 990 PART II LINE 25 AND PART V-A DETAILS  
 SCHEDULE OF COMPENSATION OF OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES  
 June 30, 2006

	<u>Warren B. Scharf, Executive Director</u>	<u>Joseph H. Girven, Deputy Exec. Dir. Fin./CFO</u>	<u>TOTAL</u>
	<u>Compensation</u>	<u>Compensation</u>	
Salary (net of all items below to arrive at line 25 total)	\$ 157,043	\$ 111,242	\$ 268,285
Employee 403(b) or 401(k) deferrals	13,853	14,200	28,053
Distributions received under 403(b), 401(k) and 457 plans	-	-	-
Bonus paid during the year	-	-	-
Value of car includable as compensation	-	-	-
Value of other expenses includable as compensation	-	-	-
Severance payments received	-	-	-
<b>LINE 25 TOTAL (and Part V-A, Column C)</b>	<b><u>\$ 170,896</u></b>	<b><u>\$ 125,442</u></b>	<b><u>\$ 296,338 (1)</u></b>

	<u>Part V-A Details</u>		<u>Part V-A Details</u>		
	<u>Column D</u>	<u>Column E</u>	<u>Column D</u>	<u>Column E</u>	
Health insurance premiums	\$ 9,521	N/A	\$ 4,341	N/A	
Life insurance premiums	321	N/A	254	N/A	
Dental insurance premiums	-	N/A	328	N/A	
Disability--not statutory--long term policies only	400	N/A	407	N/A	
Value of car includable as compensation	N/A	\$ -	N/A	\$ -	
Value of other expenses includable as compensation	N/A	-	N/A	-	
Employer pension plan contributions (401(a), 403(b) and 401(K))	5,280	N/A	3,872	N/A	
Employer deferred compensation plan contributions (457 plans)	-	N/A	-	N/A	
<b>PART V-A TOTALS</b>	<b><u>\$ 15,522</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,202</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 24,724 (2)</u></b>

**Note.**

(1) The functional allocation of the above compensation can be found on page 2 of the 990

(2) The functional allocation of column D is pro-rata based on line 25 Column D amounts are not included in Line 25  
 Column E amounts are included in Line 25

LENOX HILL NEIGHBORHOOD HOUSE, INC.  
FORM 990 ATTACHMENT PART II & III  
EIN 13-1628180

**Lenox Hill Neighborhood House, Inc.**

Lenox Hill Neighborhood House (the "Neighborhood House") is a 113 year-old settlement house providing community-based social, educational and legal services to 20,000 people in need every year on the East Side of Manhattan in New York City. The Neighborhood House is the oldest and largest social services organization on the Upper East Side with eight departments (Youth and Family Services, Older Adult Services, Homeless and Housing Services, Homecare (through our affiliate The Caring Neighbor), Legal Advocacy & Organizing, Visual and Performing Arts, Adult Education and Fitness & Recreation), more than 20 different programs, 210 staff and over 500 regular volunteers. Our mission is to help those in need who live, work, or go to school on Manhattan's East Side and to improve the quality of life for all individuals and families in our community. We define need broadly to include economic, social, emotional, and physical need, but give priority to those in economic need.

New Yorkers of all different cultures, ethnic groups, generations, and economic means who live, work, or attend school in the Neighborhood House's catchment area (East 14<sup>th</sup> Street to East 110<sup>th</sup> Street between Fifth Avenue and the East River as well as Roosevelt Island) come to us for our award-winning programs including an Early Childhood Center for 148 low-income children, an After School and Summer Camp program, support services for children and families, two senior centers, transportation services for older adults, financial and case management for homebound seniors, two social day programs for physically and cognitively frail older adults, a caregiver support program, permanent supportive housing for 54 formerly homeless adults, a 100-bed mental health shelter for homeless women, a street outreach program for homeless adults, homecare for 650 disabled adults and children, civil legal services, visual and performing arts, English language and computer classes, a Fitness and Aquatics Center, and much more.

The Neighborhood House remains true to our tradition of offering a seamless set of services to address a multiplicity of needs. On any given day, a visitor might find our attorneys offering legal services to an older adult at risk of eviction from her home or to a homeless man needing assistance in securing government benefits. Or they may observe our 70<sup>th</sup> St Senior Center staff lead a lively current events' discussion for older adults in one of our social day programs. Or they may walk into a classroom to find a teacher engaging our pre-school children in interactive story time. Or they may see our staff artists working together with case workers from our Women's Shelter in the Park Avenue Armory to develop arts projects for Shelter residents that support their goal of moving into their own apartments (e.g., making new placemats and tablecloths for their future homes). Lenox Hill Neighborhood House's expert professional staff work together tirelessly across all our programs to meet the myriad, interrelated needs that arise when individuals live in poverty.

**History**

The Neighborhood House was founded in 1894 as a free kindergarten for the children of immigrants living and working on the Upper East Side of Manhattan. As the community has grown and diversified over the last 113 years, so has the Neighborhood House. We have long been a center of community activism and leadership addressing such issues as affordable housing, poor working conditions, health care, hunger, childcare, poverty, unemployment, homelessness, juvenile delinquency, crime prevention, and long-term care for older adults. In addition to creating New York City's first tenants' rights group, the Neighborhood House helped organize New York City's first "Meals on Wheels" program, first government-funded social adult day care program, and helped create a continuum of care for homeless people in New York City. The Neighborhood House was recently profiled as "Agency of the Month" by the New York Nonprofit Press.

LENOX HILL NEIGHBORHOOD HOUSE, INC  
FORM 990 ATTACHMENT PART II & III  
EIN 13-1628180

**Leadership**

A skilled, active and established 37-member Board of Directors comprised of some of New York City's most prominent citizens leads the Neighborhood House. The Board's main responsibilities include strategic planning, financial support and organizational oversight. It recruits, establishes performance criteria and evaluates the Neighborhood House's Executive Director, who is an attorney with more than 20 years of successful experience leading programs for the indigent. He is a frequent speaker, educator and trainer on issues affecting unrepresented and underserved New Yorkers and was awarded the 1999 Legal Services Award from the Association of the Bar of the City of New York.

**Programs**

**Youth & Family Services (YAFS):** Lenox Hill Neighborhood House's YAFS Program offers approximately 400 low-income families each year a comprehensive educational experience where children learn, grow and develop in a nurturing environment. Our year-round program ensures that children can attend the Neighborhood House from 8 a.m. to 6 p.m., five days a week, 12 months a year. From their enrollment at age three in our full-day Early Childhood Center, to our After School and Summer Day Camp Programs, children age three to thirteen are offered a seamless, developmentally appropriate curriculum designed to instill, support and stimulate a love of learning and to provide insight and understanding about the world in which they live. Services include counseling and other mental health supports, parent workshops and support groups, social service interventions for families, health services, civil legal services, visual and performing arts in our newly renovated art room and auditorium, swimming instruction in our pool, playtime in our gymnasium and outdoor playroom and classes in our computer lab. All children eat freshly prepared meals directed by our Manager of Food Services, and we supervise transportation for our After School youngsters each day from their neighborhood schools.

The *NAEYC Academy for Early Childhood Program Accreditation* administers a national, voluntary accreditation system to help raise the quality of all types of preschools, kindergartens and child care centers. Currently, there are more than 10,000 NAEYC-accredited programs and we are one of them (this represents only 8% of the nation's early childhood programs). Since the system began in 1985, NAEYC Accreditation has provided a powerful tool through which early childhood professionals, families and others concerned about the quality of early childhood education can evaluate programs, compare them with professional standards, strengthen programming and commit to ongoing evaluation and improvement. We are now approaching the start of our re-accreditation process, which will take place over the next year.

A pioneer in blending Federal, State and City funding, we offer a combined Head Start, Day Care, and Universal Pre-Kindergarten program to 148 low-income children from all five boroughs of New York City who reflect the City's amazing diversity. The New York City Administration for Children's Services has recognized the quality of the ECC with their "Exemplary Program Award." In January 2006, the Early Childhood Center was one of only two sites selected by Early Childhood Education leaders from the United Kingdom for a site visit as part of a Pew Charitable Trust initiative: Advancing Quality Pre-Kindergarten for All.

The After School Program serves 70 children ages 5 to 12, operating from 3:00pm to 6:00pm, Monday through Friday, and all day on school holidays. During the summer months, the program transforms into a day camp. The mission of our After School Program is to give young people the tools to strengthen their academic, social and emotional development and to improve their performance in school. The After School Program operates on a 10-12 week tri-semester format throughout the academic year (i.e., fall session, winter session and spring intensive). Our curriculum provides academic remediation, support and enhancement to better enable children to

LENOX HILL NEIGHBORHOOD HOUSE, INC  
FORM 990 ATTACHMENT PART II & III  
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develop and provides literacy and numeracy education, visual and performing arts education; recreational instruction and activities (including fitness and aquatics), and life skills' workshops. All children receive a nutritious dinner every evening prepared by our Food Services staff

**Family Services and Supports:** Our YAFS programs, integrated within our settlement house model of holistic services, address the whole family, offering our parents a wealth of services and supports including individual and group counseling, health services, visual and performing arts, fitness and aquatics, civil legal services and workshops providing general information on civil legal issues. We also partner with many other neighborhood organizations, such as healthcare providers, to ensure that our families have access to critical services that we do not provide (e.g., medical and dental screenings, immunizations, therapy, etc.)

The Neighborhood House's Director of Youth and Family Services holds a Master of Science degree in Early Childhood Education, and has been with the Neighborhood House for more than 20 years. Under her leadership, the program recently received an exemplary program award from the Doris Duke Charitable Foundation and the Center for the Study of Social Policy Change. The Director is a sought-after speaker on the subject of early childhood education and is a member of the Early Care Strategic Group and the Education Advisory Board of the City University of New York's Hunter College. She is also chair of the Head Start & Child Care Advisory Board, reporting to the Commissioner for the Administration for Children's Services.

**Older Adult Services:** The Neighborhood House's Older Adult Services Department serves more than 10,000 senior citizens throughout New York City each year. The majority of these older adults are low-income individuals on fixed incomes. Our programs currently include two filled-to-capacity senior centers (i.e., with a combined membership of over 7,000), seven-day-a-week transportation services, support for family caregivers and their frail elderly loved ones through Project STAR, financial and case management services through Project SCOPE, social day care for physically and cognitively frail elders through the HEP and CARE Programs, legal advocacy, visual and performing arts, outings to cultural events, and computer education. This is one of our most significant East Side constituencies and these programs are among our very best.

The Neighborhood House's Director of Older Adult Services has worked in the field of aging since 1988. She received her MSW from Yeshiva University in 1983 and is on the faculty of the Ehrenkranz School of Social Work at New York University and the Aging Advisory Committee at Columbia University School of Social Work. In March 2006, the Director presented our innovative model of elderly family service provision at the Joint Conference of The National Council on the Aging and the American Society on Aging.

**Homeless and Housing Services:** The Neighborhood House's Homeless Services Department serves approximately 2,000 homeless men and women each year. The Department's programs include: a Homeless Outreach Project; a 100-bed women's shelter serving women age 45 and over who are mentally ill, a supportive housing residence with apartments for 54 formerly homeless adults who are mentally ill; a transitional housing program which prepares homeless individuals for permanent housing; a Homeless Outreach Project for people living on the streets and in other public places, with special services for older adults suffering from undiagnosed mental illness; and the East Side Homeless Network, a collaboration with two other New York City non-profits, which coordinates services from outreach to transitional housing to employment for homeless men and women.

**Legal Advocacy and Organizing Department:** Our Legal Advocacy and Organizing Department provides direct legal assistance and representation to hundreds of Neighborhood House clients in multiple legal areas including housing, family law, government benefits and health insurance and integrates civil legal representation and education into the continuum of services and care for all our clients in need. This integration of general legal services into social service and educational

LENOX HILL NEIGHBORHOOD HOUSE, INC  
FORM 990 ATTACHMENT PART II & III  
EIN 13-1628180

programs is the first of its kind in a New York City community-based, multiservice organization. The Legal Department utilizes a model multidisciplinary approach with lawyers, social workers, educators and advocates working together to meet the diverse legal and social service needs of clients. The Department consists of four attorneys and four non-attorney advocates. The Department also works with several *pro bono* attorneys (including members of our Board of Directors) and law school interns.

The Director of our Legal Department is a graduate of Tufts University and a graduate of the University of Pennsylvania Law School (Order of the Coif, Senior Editor, *University of Pennsylvania Law Review*; Chair, Equal Justice Foundation). She is an experienced attorney who represented persons with AIDS in housing matters and employees in discrimination litigation before joining the Neighborhood House.

**Visual & Performing Arts** Our Visual and Performing Arts Department integrates arts instruction (visual art, creative movement, music, and drama) and performance into many of the Neighborhood House's programs and increases participation in and access to the arts for all the varied populations that the House serves. We also present art performances and more to the public through our Community Theatre. Here are some recent highlights:

- Intergenerational arts activities with children from our Early Childhood Center and After School program and our two social day care program for older adults.
- Writing groups focusing on playwriting, poetry and prose for older adults at both senior centers and staged public readings of these unpublished writers through our Community Theatre events.
- A drumming circle, fine arts class, and a crafts' class with homeless, mentally ill female clients that are temporarily housed at the Neighborhood House's Park Avenue Armory Women's Shelter.
- Professional performances for our clients and for the larger community through *Second Sundays*.

The Director of Visual and Performing Arts is a graduate of the Tisch School of the Arts at New York University and has been with the Neighborhood House for 11 years.

**Adult Education** The Adult Education Department offers English for Speakers of Other Languages classes and computer training. The Neighborhood House's Computer Learning Center serves approximately 800 individuals each year including low-income, underemployed individuals and welfare recipients who want to improve their skills or re-enter the work force.

The Adult Education Director is an experienced ESOL and computer education teacher and supervisor.

**Fitness and Aquatics.** The Neighborhood House operates a Fitness Center with state-of-the-art equipment and an indoor heated swimming pool. Swimming instruction is part of the curriculum for all pre-school and school-age children. Special fitness activities are offered to seniors.

#### **Affiliated Program**

**The Caring Neighbor:** The Caring Neighbor (TCN) was founded in 1981 as the home care affiliate of the Neighborhood House. TCN provides home care services, including assistance with bathing, grooming, dressing, walking, light housekeeping, shopping, and cooking, to approximately 350 low-income, frail, elderly and low-income disabled individuals in the New York City communities of the Upper and Lower East Side and Roosevelt Island. TCN employs more than 700 homecare attendants.

LENOX HILL NEIGHBORHOOD HOUSE, INC.  
FORM 990 ATTACHMENT PART II & III  
EIN 13-1628180

**Affiliations**

Lenox Hill Neighborhood House is a member of United Neighborhood Houses of New York City, the Council of Senior Centers and Services of New York City, the Supportive Housing Network of New York City, the Day Care Council of New York City, the Council on Homeless Services and Policies of New York City, the Human Services Council of New York City, the Coalition of Behavioral Health Agencies and the Federation of Protestant Welfare Agencies

LENOX HILL NEIGHBORHOOD HOUSE, INC  
FORM 990 SCHEDULE A - ATTACHMENT PART III (2) (c)  
EIN 13-1628180

**Schedule A, Part III (2) (c)**

David Wirtz, a member of the Neighborhood House Board of Directors, is an attorney who for many years has advised the Neighborhood House on employment and labor law matters on a discounted basis as a way of supporting its charitable mission. He is currently a shareholder of the law firm of Littler Mendelson, P C and previously was a shareholder in the law firm of Grotta, Glassman & Hoffman, P C. For the years ended June 30, 2006, Mr Wirtz and the law firms of which he was a part provided legal services to the Neighborhood House that had a fair market value of \$35,160. Of these amounts, \$24,490 was contributed services and \$10,670 was billed and paid by the Neighborhood House in 2006.

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LENOX HILL  
NEIGHBORHOOD  
House FOUNDED  
· 1894 ·

Financial Statements  
(Together with Independent Auditors' Report)

Years Ended June 30, 2006 and 2005



Marks Paneth  
& Shron LLP

*Certified Public Accountants  
and Consultants*

**LENOX HILL NEIGHBORHOOD HOUSE, INC.**

**FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED JUNE 30, 2006 AND 2005**

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Marks Paneth  
& Shron<sup>LLP</sup>

Certified Public Accountants  
and Consultants

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Lenox Hill Neighborhood House, Inc.

We have audited the accompanying statements of financial position of the Lenox Hill Neighborhood House, Inc. (the "Neighborhood House" or "Organization") as of June 30, 2006 and 2005 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 audits provide 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 the Neighborhood House as of June 30, 2006 and 2005 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the Neighborhood House taken as a whole. The supplementary information (shown on page 20) is the responsibility of management and is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Marks Paneth & Shron LLP*

New York, NY  
November 19, 2006

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# LENOX HILL NEIGHBORHOOD HOUSE, INC.

## STATEMENTS OF FINANCIAL POSITION

	At June 30,	
	2006	2005 (Restated)
<b>ASSETS</b>		
Cash and equivalents (Notes 1 and 11)	\$ 1,310,159	\$ 1,724,914
Accounts receivable, net (Notes 1, 2 and 8)	1,765,076	1,321,085
Pledges receivable (Note 3)	802,196	202,435
Prepayments and other	115,980	123,842
Long-term investments, at market (Notes 1 and 4)	3,777,583	2,682,869
Property and equipment, net (Notes 1 and 5)	2,379,974	2,357,263
<b>TOTAL ASSETS</b>	<b>\$ 10,150,968</b>	<b>\$ 8,412,408</b>
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses (Note 1)	\$ 288,551	\$ 294,997
Accrued salaries	182,728	486,856
Accrued vacation	269,118	283,336
Unfunded pension cost (Note 6)	205,423	205,028
Government advances	209,567	213,539
Total	1,155,387	1,483,756
 <b>NET ASSETS</b>		
Unrestricted		
Property and equipment	2,379,974	2,357,263
Operations	847,217	744,657
Endowment (Notes 4 and 9)	4,023,652	2,944,414
Total unrestricted	7,250,843	6,046,334
Temporarily restricted (Note 9)	1,394,597	793,458
Permanently restricted (Notes 4 and 9)	350,141	88,860
<b>TOTAL NET ASSETS</b>	<b>8,995,581</b>	<b>6,928,652</b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b>\$ 10,150,968</b>	 <b>\$ 8,412,408</b>

**LENOX HILL NEIGHBORHOOD HOUSE, INC.**

**STATEMENTS OF ACTIVITIES**

	Years Ended June 30,							
	2008			2005 (Restated)				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Operating Revenue</b>								
Government agencies (Note 1)	\$ 8,800,041	\$ -	\$ -	\$ 8,800,041	\$ 6,795,188	\$ -	\$ -	\$ 8,795,188
Special events	1,430,798	-	-	1,430,798	1,482,552	-	-	1,482,552
Associated expenses	(322,845)	-	-	(322,845)	(349,937)	-	-	(349,937)
Special events, net	1,107,953	-	-	1,107,953	1,132,615	-	-	1,132,615
Contributions (Notes 1 and 7)	834,572	1,077,488	-	2,012,071	524,731	1,225,386	-	1,750,117
Net assets released from restrictions (Note 9)	761,360	(761,360)	-	-	1,087,739	(1,087,739)	-	-
Subtotal	2,803,885	316,139	-	3,120,024	2,745,085	137,647	-	2,882,732
Dues and fees (Notes 1 and 8)	1,188,134	-	-	1,188,134	1,208,919	-	-	1,208,919
Insurance proceeds, net	32,000	-	-	32,000	260,274	-	-	260,274
Interest	40,914	-	-	40,914	21,991	-	-	21,991
Subtotal	1,261,048	-	-	1,261,048	1,491,184	-	-	1,491,184
<b>TOTAL OPERATING REVENUE</b>	<b>12,864,974</b>	<b>316,139</b>	<b>-</b>	<b>13,181,113</b>	<b>13,031,467</b>	<b>137,647</b>	<b>-</b>	<b>13,169,114</b>
<b>Operating Expenses</b>								
Program services	10,454,578	-	-	10,454,578	10,773,565	-	-	10,773,565
Management and general	1,311,145	-	-	1,311,145	1,302,950	-	-	1,302,950
Fund raising	445,914	-	-	445,914	546,537	-	-	546,537
Total Operating Expenses	12,211,635	-	-	12,211,635	12,623,052	-	-	12,623,052
Operating income	653,339	316,139	-	969,478	408,415	137,647	-	546,062
<b>Non-Operating (Note 1)</b>								
Gifts to Endowment (Notes 1 and 7)	-	-	261,281	261,281	-	-	41,460	41,460
Bequests (Notes 1 and 7)	201,181	-	-	201,181	50,000	-	-	50,000
Capital gifts (Note 7)	-	285,000	-	285,000	-	-	-	-
Investment income (Note 4)	426,365	-	-	426,365	283,149	-	-	283,149
Total Non-Operating income	627,546	285,000	261,281	1,173,827	333,149	-	41,460	374,609
Change in Net Assets - Before other items	1,280,885	601,139	261,281	2,143,305	741,564	137,647	41,460	920,671
Recognition of minimum pension liability (Note 6)	(76,378)	-	-	(76,378)	(37,761)	-	-	(37,761)
Change in Net Assets (Note 1)	1,204,509	601,139	261,281	2,066,929	703,803	137,647	41,460	882,910
Net Assets - Beginning of Year	6,046,334	793,458	88,860	6,928,652	5,342,531	655,811	47,400	6,045,742
Net Assets - End of Year	\$ 7,250,843	\$ 1,394,597	\$ 350,141	\$ 8,995,581	\$ 6,048,334	\$ 793,458	\$ 88,860	\$ 6,928,652

The accompanying notes are an integral part of these statements

LINOX HILL NEIGHBORHOOD HOUSE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30,

2006

	Programs										Support Services		Total 2005
	Youth and Family	Older Adults	Adult Education	Homeless and Housing	Legal Advocacy and Organizing	Visual and Performing Arts	Fitness and Aquatics	Total	Management and General	Fund Raising	Total		
Personnel (Note 6)	\$ 1,838,375	\$ 1,586,210	\$ 244,750	\$ 2,278,074	\$ 337,600	\$ 158,400	\$ 348,648	\$ 6,803,085	\$ 850,888	\$ 303,405	\$ 7,857,368	\$ 8,089,020	
Professional fees	9,795	-	-	9,033	-	-	-	18,928	51,639	-	70,487	63,886	
Value of pro-bono legal services (Note 1)	50,777	65,922	15,384	154,683	287	6,868	1,710	295,741	112,007	1,251	112,007	111,332	
Services provided by non-agency personnel	38,018	19,718	2,987	35,568	3,743	1,861	9,882	112,889	29,638	5,168	376,630	320,724	
Insurance	72,952	12,861	7,449	59,037	34,865	758	10,319	198,091	16,916	99	201,960	130,063	
Program activities	178,428	138,735	9,887	411,602	1,728	3,135	63,074	806,589	38,369	12,083	857,071	208,403	
Occupancy and supplies (Note 10)	38,491	67,168	4,059	51,451	5,409	1,899	13,805	180,272	11,480	15,082	206,834	805,609	
Equipment (Note 1)	16,226	24,354	6,903	48,723	2,970	1,081	4,370	106,627	17,204	7,125	130,956	122,109	
Telephone	48,047	43,288	10,288	26,712	10,806	2,599	12,305	154,151	35,854	68,712	258,717	126,984	
Office supplies	325,818	52,024	5,282	28,529	1,049	2,001	48,327	463,030	23,303	7,896	484,229	180,892	
Repairs and materials	169,613	241,263	-	285,650	187	434	213	677,340	27,783	546	705,661	695,343	
Food	14,703	36,743	93	18,224	2,180	30	183	72,168	10,483	42	82,691	75,995	
Transportation	3,628	8,629	-	54,383	-	-	-	66,650	-	-	66,650	20,183	
Bad debt	-	-	-	78,933	-	-	-	76,933	-	-	76,933	123,321	
Payments to subgrantees	153,082	49,527	9,272	10,328	1,841	3,340	59,685	287,075	40,904	12,885	340,864	588,966	
Depreciation	67,951	34,503	1,093	22,509	4,689	64	4,430	135,149	40,867	11,578	187,594	74,169	
Other	-	-	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL EXPENSES</b>	<b>\$ 3,024,805</b>	<b>\$ 2,390,954</b>	<b>\$ 319,473</b>	<b>\$ 3,552,459</b>	<b>\$ 407,284</b>	<b>\$ 182,570</b>	<b>\$ 577,031</b>	<b>\$ 10,454,576</b>	<b>\$ 1,311,145</b>	<b>\$ 445,914</b>	<b>\$ 12,211,835</b>	<b>\$ 12,823,052</b>	

LENOX HILL NEIGHBORHOOD HOUSE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2005

	Programs										Support Services	
	Youth and Family	Older Adults	Adult Education	Homeless and Housing	Legal Advocacy and Organizing	Visual and Performing Arts	Fitness and Aquatics	Total	Management and General	Fund Raising	Total	
Personnel (Note 6)	\$ 1,865,827	\$ 1,501,971	\$ 290,123	\$ 2,282,390	\$ 230,559	\$ 184,132	\$ 431,461	\$ 6,808,463	\$ 869,654	\$ 412,803	\$ 8,089,020	
Professional fees	9,545	-	-	10,781	-	-	-	20,326	43,670	-	63,996	
Value of pro-bono legal services (Note 1)	-	-	-	-	-	-	-	-	111,332	-	111,332	
Services provided by non-agency personnel	-	-	-	-	-	-	-	-	29,985	5,924	320,724	
Insurance	49,086	65,885	23,214	136,625	426	7,777	1,792	284,815	16,999	5,960	130,063	
Program activities	37,135	18,244	2,709	34,065	3,054	1,874	9,923	107,104	10,893	2,401	208,403	
Occupancy and supplies (Note 10)	75,253	11,741	9,639	57,093	26,420	2,379	12,584	195,109	31,080	9,790	805,609	
Equipment (Note 1)	149,866	114,548	8,230	428,080	10,792	2,538	50,685	764,739	17,522	4,871	122,109	
Telephone	14,117	23,191	18,098	34,686	3,881	1,581	3,184	98,716	15,292	4,916	128,964	
Office supplies	17,209	22,073	6,995	48,959	5,511	826	5,183	106,756	17,807	59,923	190,892	
Repairs and materials	28,745	33,559	8,325	27,097	6,263	2,218	6,855	113,062	25,804	8,394	877,983	
Food	647,717	49,146	5,974	74,783	3,244	2,747	60,174	843,765	5,527	4,651	695,343	
Transportation	154,190	209,641	60	320,834	116	-	324	685,165	6,662	49	75,995	
Bad debt	24,621	25,342	55	18,000	1,132	14	120	69,284	-	-	20,163	
Payments to subgrantees	2,331	17,832	-	103,121	-	-	-	20,163	-	-	123,321	
Depreciation	263,607	65,286	15,965	17,785	3,170	5,752	102,778	494,343	70,436	22,187	586,966	
Other	7,489	7,129	709	12,807	3,478	36	7,766	39,414	30,187	4,568	74,169	
<b>TOTAL EXPENSES</b>	<b>\$ 3,366,748</b>	<b>\$ 2,205,788</b>	<b>\$ 391,094</b>	<b>\$ 3,607,106</b>	<b>\$ 298,046</b>	<b>\$ 211,954</b>	<b>\$ 692,629</b>	<b>\$ 10,773,565</b>	<b>\$ 1,302,950</b>	<b>\$ 548,537</b>	<b>\$ 12,623,052</b>	

# LENOX HILL NEIGHBORHOOD HOUSE, INC.

## STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2006	2005 (Restated)
<b>CASH FLOWS FROM OPERATIONS</b>		
Change in net assets	\$ 2,066,929	\$ 882,910
Adjustments to reconcile change in net assets to net cash provided by activities		
Depreciation	340,864	586,966
Bad debt	66,650	20,163
Donated stock	(312,909)	(30,943)
Realized gain on the sale of investments	(236,266)	(76,314)
Unrealized gain on investments	(133,467)	(166,001)
Gain on property and equipment, net	-	(250,746)
Contributions for capital expenditures and endowment	(546,281)	(41,460)
 Sub-total	 1,245,520	 924,575
Changes in operating assets and liabilities		
(Increase) or decrease in assets		
Accounts receivable	(510,641)	66,413
Pledges receivable	(399,761)	31,065
Prepayments and other	7,862	(29,966)
(Decrease) or increase in liabilities		
Accounts payable and accrued expenses	(6,446)	10,509
Accrued salaries	(304,128)	184,440
Accrued vacation	(14,218)	(8,263)
Unfunded pension cost	395	(216,151)
Government advances	(3,972)	(108,587)
 Net Cash Provided by Operations	 14,611	 854,035
<b>CASH FLOWS FROM INVESTING</b>		
Purchase of property and equipment	(395,575)	(597,635)
Purchase of investments	(5,347,822)	(1,138,172)
Proceeds of sale of investments	4,935,750	981,523
Insurance proceeds	32,000	270,591
 Net Cash Used by Investing	 (775,647)	 (483,693)
<b>CASH FLOWS FROM FINANCING</b>		
Contributions for capital expenditures and endowment	346,281	41,460
 <b>NET (DECREASE) INCREASE IN CASH AND EQUIVALENTS</b>	 (414,755)	 411,802
Cash and equivalents - beginning of the year	1,724,914	1,313,112
 <b>CASH AND EQUIVALENTS - END OF YEAR</b>	 \$ 1,310,159	 \$ 1,724,914

**LENOX HILL NEIGHBORHOOD HOUSE, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Lenox Hill Neighborhood House, Inc. (the "Neighborhood House" or "Organization") is a 112 year-old community service organization located in New York City. Each year, the Organization provides assistance to over 20,000 people in need who live, work or attend school on the East Side of Manhattan. The Neighborhood House is the oldest and largest social service and educational organization on the Upper East Side. Founded in 1894 to provide free kindergarten for immigrant children, the Organization has greatly expanded the range of services it provides. Throughout, it has sought to help people in its community gain the skills necessary to better themselves. The Organization's service area extends from Fifth Avenue to the East River and from 14<sup>th</sup> Street to 110<sup>th</sup> Street. Its principal programs serve children and families, homeless and formerly homeless adults, older adults, disabled persons and immigrants. The Neighborhood House is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. A significant portion of the Organization's revenue is received from city, state and federal government agencies.

**Basis of Presentation**

The Neighborhood House's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Gifts are recorded as restricted if donors stipulate their use. When restrictions expire, temporarily restricted assets are reclassified as unrestricted and reported in the statement of activities as Net Assets Released from Restrictions. Gifts received with stipulations that do not expire are recorded as permanently restricted. Contributed items are recorded at fair value. During the years ended June 30, 2006 and 2005, donated food having values of \$17,441 and \$23,500, respectively, and contributed professional services of \$112,007 and \$111,332, respectively, were received. These contributions are reflected as revenue and an equal expense. The value of volunteers' time is not reflected in the financial statements, as it does not meet the criteria for recognition. Bequests are recorded as income when they are reported to the Neighborhood House and their amount becomes

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

reasonably certain. Allowances for uncollectible amounts are provided on accounts and pledges receivable when management deems appropriate. These amounts are based on its assessment that the amounts will not be collected. At June 30, 2006 and 2005, allowances of \$31,543 and \$47,832, respectively were booked against accounts receivable. No allowance against pledges receivable was believed necessary. The Organization does not discount to present value contributions that will be received in more than one year because it has deemed that discount to be immaterial.

Cash and equivalents include highly liquid instruments having maturities of 90 days or less. Long-term investments are recorded at market value. Property and equipment is reported at cost less accumulated depreciation. Property and equipment with a cost of \$5,000 or more and a useful life greater than one year is capitalized and depreciated over its estimated useful life on the straight-line method. When assets are retired or disposed of, their cost and accumulated depreciation is removed from the accounts and any gain or loss reflected in operations. Maintenance and repairs are charged to operations as incurred. Costs of betterments, which materially extend the useful lives of property and equipment, are capitalized. If the cost of purchasing equipment is reimbursed by a governmental source, which specifies that title to the asset remains with them, the expenditure is reflected as an expense.

Reimbursements from government agencies for prior years are occasionally adjusted in subsequent years due to audits or the receipt of additional monies over and above contract amounts. Income for services rendered between programs is recorded as revenue in that program which provides the service and as an expense in that program using the service. Such amounts have been eliminated in the financial statements. Non-operating revenue consists of gifts to endowment, capital gifts, bequests and investment income.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Certain line items in the 2005 financial statements were reclassified to conform to the 2006 presentation. In consultation with its independent accountants, the Neighborhood House has concluded that its Dues and fees income and Unrestricted net assets were overstated by \$101,817 in 2005 and its Accounts payable and accrued expenses was understated by the same amount. The Neighborhood House's 2005 results were restated for this item.

### NOTE 2 - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>At June 30,</u>	
	<u>2006</u>	<u>2005</u>
Due from government agencies	\$ 1,438,620	\$ 1,151,581
Due from related parties	216,515	55,410
Special events	19,325	14,491
Other	<u>122,159</u>	<u>147,435</u>
Sub-total	1,796,619	1,368,917
Allowance for doubtful accounts	<u>(31,543)</u>	<u>(47,832)</u>
	<u>\$ 1,765,076</u>	<u>\$ 1,321,085</u>

All amounts Due from related parties were collected by August 31, 2006 and 2005.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 - PLEDGES RECEIVABLE

Pledges outstanding were as follows:

	<u>At June 30,</u>	
	<u>2006</u>	<u>2005</u>
Due in less than a year	\$ 772,196	\$ 177,435
Due in one to two years	<u>30,000</u>	<u>25,000</u>
	<u>\$ 802,196</u>	<u>\$ 202,435</u>

Included in 2006 Pledges receivable is a \$500,000 bequest, which was paid in full on July 7, 2006.

### NOTE 4 - LONG-TERM INVESTMENTS

Long-term investments consist of the following:

	<u>At June 30,</u>	
	<u>2006</u>	<u>2005</u>
Equities	\$ 1,852,302	\$ 1,796,730
Fixed Income	<u>1,925,281</u>	<u>886,139</u>
	<u>\$ 3,777,583</u>	<u>\$ 2,682,869</u>

Investments are subject to market fluctuations that could substantially change their values. Permanently restricted net assets at June 30, 2006 and 2005 were \$350,141 and \$88,860, of which \$150,141 and \$88,860 were included in investments as of June 30, 2006 and 2005, respectively.

The Endowment's value at June 30, 2006 was \$4,373,793, of which \$3,777,583 was Long-term investments, \$386,322 was Cash, \$200,000 was a Pledge receivable and \$9,888 was in Interest and dividend receivable. The Endowment's value at June 30, 2005 was \$3,033,274, of which \$2,682,869 was Long-term investments, \$341,925 was Cash and \$8,480 was an Interest and dividend receivable.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 – LONG-TERM INVESTMENTS (Continued)**

Investment activity consisted of the following:

	Years Ended June 30,	
	2006	2005
Interest and dividends	\$ 86,677	\$ 63,211
Realized gain on investments	236,266	76,314
Unrealized gain on investments	133,467	166,001
	456,410	305,526
Less: Management fees	(30,045)	(22,377)
	\$ 426,365	\$ 283,149

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	At June 30,		
	2006	2005	Estimated Useful Lives
Land	\$ 164,999	\$ 164,999	-
Building	499,481	499,481	50 years
Improvements	3,321,569	3,642,032	3-20 years
Furniture and equipment	200,046	645,554	5 years
	4,186,095	4,952,066	
Less: Accumulated depreciation	(1,806,121)	(2,594,803)	
Net book value	\$ 2,379,974	\$ 2,357,263	

The Organization's headquarters at 331 East 70<sup>th</sup> Street in Manhattan was built in 1928 and is fully depreciated.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - PENSION PLANS**

**Union Plans**

The Neighborhood House participates in two union-sponsored, multiemployer pension plans. These plans are administered by the unions and contributions to them are set pursuant to contracts. The Organization has no present intention of withdrawing from either plan, nor has it been informed that there is any intention to terminate them. Pension expense for these plans for the years ended June 30, 2006 and 2005 of \$145,534 and \$152,876, respectively, is included in payroll taxes and employee benefits.

**Frozen Defined Benefit Pension Plan**

Historically, the Neighborhood House maintained a qualified defined benefit pension covering eligible employees as well as those of The Caring Neighbor, Inc. (a related not-for-profit organization). Effective December 31, 2002, this Plan was "frozen" and no further benefits have been accrued under it since that time. However, the Plan continues to be managed by the Neighborhood House to meet previously incurred liabilities. A summary of pension cost, employer contributions and benefits paid under this Plan were as follows:

	Years Ended June 30,	
	2006	2005
Employer contribution	\$ <u>135,593</u>	\$ <u>212,745</u>
Benefits paid	\$ <u>304,202</u>	\$ <u>108,236</u>
Pension cost	\$ <u>59,612</u>	\$ <u>60,650</u>

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - PENSION PLANS (Continued)**

The funded status of the Plan is as follows:

	At June 30,	
	2006	2005
Benefit obligation	\$ 756,426	\$ 851,504
Plan assets, at market	551,003	646,476
Funded status	\$ (205,423)	\$ (205,028)
Prepaid pension cost	\$ 387,378	\$ 311,397
Additional pension liability 2003	(449,392)	(449,392)
Additional pension liability 2004	(29,272)	(29,272)
Additional pension liability 2005	(37,761)	(37,761)
Additional pension liability 2006	(76,376)	-
Unfunded pension cost – net	\$ (205,423)	\$ (205,028)

Because the accumulated pension benefit obligation exceeded plan assets at June 30, 2006 and 2005, the Neighborhood House is required by Statement of Financial Accounting Standards ("SFAS") No. 87 to record an additional pension liability for those years to reflect the shortfall. Since the Plan was frozen, the Neighborhood House has recorded the additional pension liability adjustment as a change in unrestricted net assets.

The measure of the net periodic pension cost in both 2006 and 2005 was based on the following: a weighted-average discount rate of 6.5%, no increase in future compensation levels due to the fact the Plan is frozen, and a weighted-average expected long-term rate of return on plan assets of 6.5%. The expected rate of return on plan assets reflect the average rate of earnings expected on the funds invested to provide for payment of benefits included in the benefit obligation. The assumption has been determined by reflecting

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6 - PENSION PLANS (Continued)

expectation regarding future rates of return for the investment portfolio with considerations given to distributions of investments by asset class and then historical rates of return.

The Plan's assets at June 30, 2006 were allocated as follows:

Equities	\$ 230,420
Fixed Income	211,029
Cash and equivalents	<u>109,554</u>
	<u>\$ 551,003</u>

Beginning in the fall of 2006, the investment advisor was given the discretion to increase the equities allocation to 70% or decrease the equities allocation to 50%.

It is expected that the Plan will be liquidated once the funding is sufficient to permit it. As of June 30, 2006, the funding shortfall to accomplish this was approximately \$524,000 and the Plan had 149 participants. The Plan paid \$304,202 of benefits to participants in 2006. The Neighborhood House expects to contribute approximately \$140,000 to the Plan in fiscal 2007. The following schedule of benefit payments, which reflects expected future services, as appropriate, are expected to be paid in each of the next five years and in the aggregate for the five years thereafter:

2007	\$ 205,182
2008	130,471
2009	31,480
2010	20,083
2011	<u>47,835</u>
Sub-total	435,051
5 years thereafter	<u>163,046</u>
Total	<u>\$ 598,097</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6 - PENSION PLANS (Continued)

#### Defined Contribution Plan

Effective January 2003, the Neighborhood House implemented a defined contribution 403(b) thrift plan covering eligible employees. Contributions to the 403(b) plan for the years ended June 30, 2006 and 2005 amounted to \$73,856 and \$58,902, respectively, representing 3% of eligible employees' compensation. The Neighborhood House made additional deferred compensation contributions to the 403(b) plan for certain key employees. For the years ended June 30, 2006 and 2005, these contributions, excluding applicable fringe benefit costs, totaled \$47,500 and \$40,000, respectively, and were paid in the subsequent fiscal years. All of these contributions are included in Personnel expense.

### NOTE 7 - CONTRIBUTIONS

Contributions, one component of private revenue, consisted of the following:

	Years Ended June 30.	
	2006	2005
<u>Operating</u>		
Foundations	\$ 1,038,030	\$ 1,004,039
Individuals and others	562,034	634,746
Bequest	300,000	-
Contributed services	112,007	111,332
Sub-total	2,012,071	1,750,117
<u>Non-operating</u>		
Endowment gifts	261,281	41,460
Bequests	201,181	50,000
Capital gifts	285,000	-
Sub-total	747,462	91,460
<b>TOTAL</b>	<b>\$ 2,759,533</b>	<b>\$ 1,841,577</b>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8 - RELATED PARTY TRANSACTIONS

The Neighborhood House contracts with The Caring Neighbor, Inc. ("TCN"), a related not-for-profit organization, to provide rental space and management services. TCN is a related party in that the majority of TCN's Board are members of the Neighborhood House's Board, the Executive Director of the Neighborhood House also serves as Executive Director of TCN and the Deputy Executive Director of the Neighborhood House is a member of TCN's Board. The Neighborhood House is considered to exercise temporary control over TCN. At June 30, 2006 and 2005, the Neighborhood House was due \$191,920 and \$55,410, respectively, from TCN. These amounts were collected by August 31, 2006 and 2005. For the years ended June 30, 2006 and 2005, the Neighborhood House recognized revenue of \$229,085 and \$149,889, respectively, which is included in Dues and Fees in the accompanying financial statements, for space rental and services rendered.

The Neighborhood House is also related to Casa Mutua Limited Partnership (the "Partnership") through a common board member and senior management that function as the Board of Casa Mutua, Inc. (the "General Partner" of the Partnership). The Partnership was formed to acquire, rehabilitate, own, operate and lease low income housing, containing 54 units in two buildings located at 159-161 East 102<sup>nd</sup> Street, New York, NY (the "Properties"). The Neighborhood House operates the Properties and the Partnership under a management agreement, which expires December 31, 2006, unless earlier terminated by the Partnership or under certain other conditions. The Neighborhood House expects to extend the management agreement when it expires on December 31, 2006. The Partnership cannot transfer, sell, assign or otherwise dispose of the Properties without first offering it to the Neighborhood House for a price equal to the principal amount of all outstanding indebtedness secured by the Project, including any accrued interest and federal, state and local taxes. The right of first refusal is conditioned upon the Neighborhood House's agreement to maintain the Project for low-income use for at least 15 years. As of June 30, 2006 and 2005, the Neighborhood House was owed \$24,595 and \$0, respectively by the Partnership. The Neighborhood House collected the \$24,595 owed as of June 30, 2006 by August 31, 2006.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RELATED PARTY TRANSACTIONS (Continued)**

David Wirtz, a member of the Neighborhood House Board of Directors, is an attorney who for many years has advised the Neighborhood House on employment and labor law matters on a discounted basis as a way of supporting its charitable mission. He is currently a shareholder of the law firm of Littler Mendelson, P.C. and previously was a shareholder in the law firm of Grotta, Glassman & Hoffman, P.C. For the years ended June 30, 2006 and 2005, Mr. Wirtz and the law firms of which he was a part provided legal services to the Neighborhood House that had a fair market value of \$35,160 and \$35,654, respectively. Of these amounts, \$24,490 and \$27,701 were contributed services and \$10,670 and \$7,953 were billed and paid by the Neighborhood House in 2006 and 2005, respectively.

**NOTE 9 - NET ASSETS**

Unrestricted net assets included Board designated funds acting as an endowment totaling \$4,023,652 and \$2,944,414 at June 30, 2006 and 2005, respectively. Permanently restricted net assets included \$350,141 and \$88,860 of endowment contributions at June 30, 2006 and 2005, respectively. Therefore, the total value of the endowment was \$4,373,793 and \$3,033,274 at June 30, 2006 and 2005, respectively.

Temporarily restricted net assets of \$761,360 and \$1,087,739 were released from donor restrictions during the years ended June 30, 2006 and 2005, respectively.

Net assets are temporarily restricted in the following ways:

	At June 30,	
	2006	2005
For specific programs	\$ 1,009,597	\$ 738,458
For time periods	385,000	55,000
	\$ 1,394,597	\$ 793,458

Permanently restricted net assets are to remain intact in perpetuity but their earnings are unrestricted and may be used for operations.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10 - COMMITMENTS AND CONTINGENCIES

Various government agencies have the right to examine the books and records of the Neighborhood House in regard to transactions relating to contracts with those agencies. The accompanying financial statements make no provision for possible disallowances, which might result. Although disallowances could occur, in the opinion of management, it is likely that all disallowances would be immaterial.

The Neighborhood House was required by federal regulation to grant the United States Department of Health and Human Services a beneficial ownership interest (Federal Interest) of \$375,000 in its property at 331 East 70<sup>th</sup> Street as a condition of receiving federal funds to renovate its play roof. The Federal Interest began on February 1, 2005 and will expire at the termination of the Neighborhood House's Head Start contract or January 31, 2015, whichever is earlier. In the event the property is encumbered or used as collateral in connection with a loan during this period, the Federal Interest will always be subordinated to the interest of the lender.

The Neighborhood House leased transitional housing apartments for its clients, space for the Lenox Hill Neighborhood House Senior Center at Saint Peter's Church and space at All Saints Church for its CARE Program. Rent expense amounted to \$130,821 and \$150,087 for the years ended June 30, 2006 and 2005, respectively. The leases for its transitional housing apartments ended on June 30, 2006 because they were not renewed. The lease at All Saints Church was terminated at the end of September 2006. The Neighborhood House is obligated under its lease with Saint Peter's Church to make the following annual rental payments:

2007	\$ 30,000
2008	30,000
2009	30,000
2010	30,000
2011	30,000
Thereafter	<u>154,000</u>
Total	<u>\$ 304,000</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)

The Neighborhood House has a collective bargaining agreement with 1199/SEIU. In addition, it is a pass through entity for a collective bargaining agreement between the City of New York and Day Care Council- Local 205 DC 1707. These agreements call for the provision of various wage levels and benefits to their members.

### NOTE 11 – CONCENTRATIONS

The only financial instruments that potentially subject the Neighborhood House to a concentration of credit risk are amounts on deposit at Citibank, NA that are in excess of FDIC insurance limits. The excess amount approximated \$972,000 (including outstanding checks of approximately \$355,000) at June 30, 2006 and \$883,000 (including outstanding checks of approximately \$492,000) at June 30, 2005. Given the size and credit rating of its bank, management believes that the credit risk related to these accounts is minimal.

**LENOX HILL NEIGHBORHOOD HOUSE, INC.**

**GOVERNMENT AGENCIES**

	<u>Years Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>
<b><u>NEW YORK CITY</u></b>		
Department of Homeless Services		
Women's Shelter at the Park Avenue Armory	\$ 2,301,951	\$ 2,320,477
Administration for Children's Services		
Early Childhood Center - Head Start	1,122,539	1,369,068
Early Childhood Center - Child Care	<u>843,758</u>	<u>850,816</u>
Total	1,966,297	2,219,884
Department for the Aging		
70th Street Senior Center	401,174	374,819
Senior Center at Saint Peter's Church	390,560	324,277
Project Scope	599,940	570,089
HEP Program	214,725	201,641
East Side Transportation	<u>202,908</u>	<u>181,067</u>
Total	1,809,307	1,651,693
Department of Health and Mental Hygiene		
Homeless Outreach	565,318	568,127
Casa Mutua	554,172	554,354
Graduate Housing	8,489	6,540
Women's Shelter at the Park Avenue Armory	109,677	109,677
Transitions	90,850	90,649
Geriatric Mental Health Initiative	<u>120,000</u>	<u>-</u>
Total	1,448,306	1,329,347
Department of Education (Universal Pre-K)	210,000	188,048
Department of Youth and Community Development	145,709	110,320
Department of Housing Preservation and Development	<u>11,013</u>	<u>11,013</u>
<b>TOTAL NEW YORK CITY</b>	<b><u>7,892,583</u></b>	<b><u>7,830,582</u></b>
<b><u>NEW YORK STATE</u></b>		
Department of Education (English for Speakers of Other Languages)	127,113	127,113
Office for the Aging		
CARE	81,446	91,524
Legal Advocacy & Organizing	<u>15,000</u>	<u>-</u>
	96,446	91,524
Office of Children and Family Services	70,811	36,500
Nutrition Outreach and Education Program	65,760	73,545
Dormitory Authority of the State of New York	57,510	70,600
New York State Interest on Lawyer Account Fund (IOLA)	<u>40,000</u>	<u>17,500</u>
<b>TOTAL NEW YORK STATE</b>	<b><u>457,640</u></b>	<b><u>416,782</u></b>
<b><u>UNITED STATES OF AMERICA</u></b>		
Department of Housing and Urban Development		
East Side Homeless Network	254,869	277,997
Independence Project	33,497	155,103
Living Cities - Enterprise Foundation	<u>25,000</u>	<u>-</u>
Total	313,366	433,100
Department of Agriculture		
Head Start and Child Care	115,808	98,088
Medicare Part D	<u>4,917</u>	<u>-</u>
Total	120,725	98,088
Department of Homeland Security		
Emergency Food and Shelter Program	<u>15,727</u>	<u>16,646</u>
<b>TOTAL UNITED STATES OF AMERICA</b>	<b><u>449,818</u></b>	<b><u>547,834</u></b>
<b>TOTAL GOVERNMENT AGENCIES</b>	<b><u>\$ 8,800,041</u></b>	<b><u>\$ 8,785,198</u></b>

## Application for Extension of Time To File an Exempt Organization Return

OMB No. 1545-1709

▶ File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
  - If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).
- Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.**

**Part I Automatic 3-Month Extension of Time** - Only submit original (no copies needed)

**Form 990-T corporations** requesting an automatic 6-month extension - check this box and complete Part I only

*All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs, and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.*

**Electronic Filing (e-file).** Form 8868 can be filed electronically if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for corporate Form 990-T filers). However, you cannot file it electronically if you want the additional (not automatic) 3-month extension, instead you must submit the fully completed signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile).

<b>Type or print</b>	Name of Exempt Organization <b>LENOX HILL NEIGHBORHOOD HOUSE, INC.</b>	Employer identification number <b>13-1628180</b>
File by the due date for filing your return See instructions	Number, street, and room or suite no. If a P O. box, see instructions. <b>331 EAST 70TH STREET</b>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>NEW YORK, NY 10021</b>	

**Check type of return to be filed** (file a separate application for each return):

- |  |   |                                    |
|--|---|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation)                 | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL         | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ         | <input type="checkbox"/> Form 990-T (trust other than above)      | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF         | <input type="checkbox"/> Form 1041-A                              | <input type="checkbox"/> Form 8870 |

- The books are in the care of ▶ **JOSEPH GIRVEN**  
 Telephone No ▶ **(212) 744-5022** FAX No. ▶ **(212) 396-4838**
- If the organization does **not** have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_. If this is for the **whole** group, check this box . If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension will cover.

- 1 I request an automatic 3-month (6-months for a **Form 990-T corporation**) extension of time until **FEBRUARY 15, 2007** to file the exempt organization return for the organization named above. The extension is for the organization's return for:
  - ▶  calendar year \_\_\_\_\_ or
  - ▶  tax year beginning **JUL 1, 2005**, and ending **JUN 30, 2006**.
- 2 If this tax year is for less than 12 months, check reason:  Initial return  Final return  Change in accounting period
- 3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ \_\_\_\_\_
- b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ \_\_\_\_\_
- c **Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ N/A

**Caution.** If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

LHA **For Privacy Act and Paperwork Reduction Act Notice, see instructions.**

Form **8868** (Rev 12-2004)

- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** and check this box  **X**
- Note: Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

**Part II Additional (not automatic) 3-Month Extension of Time - Must file Original and One Copy.**

Type or print.  File by the extended due date for filing the return. See instructions	Name of Exempt Organization <b>LENOX HILL NEIGHBORHOOD HOUSE, INC.</b>	Employer identification number <b>13-1628180</b>
	Number, street, and room or suite no. If a P.O. box, see instructions. <b>331 EAST 70TH STREET</b>	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>NEW YORK, NY 10021</b>	

Check type of return to be filed (File a separate application for each return):

Form 990     Form 990-EZ     Form 990-T (sec. 401(a) or 408(a) trust)     Form 1041-A     Form 5227     Form 8870

Form 990-BL     Form 990-PF     Form 990-T (trust other than above)     Form 4720     Form 6069

**STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

- The books are in the care of **JOSEPH GIRVEN**  
Telephone No. **(212) 744-5022**      FAX No. **(212) 396-4838**
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ . If this is for the **whole group**, check this box  . If it is for **part of the group**, check this box  and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until **MAY 15, 2007**

5 For calendar year \_\_\_\_\_ , or other tax year beginning **JUL 1, 2005** and ending **JUN 30, 2006**

6 If this tax year is for less than 12 months, check reason:  Initial return     Final return     Change in accounting period

7 State in detail why you need the extension  
**INFORMATION REQUESTED FROM THIRD PARTIES IN ORDER TO COMPLETE THE RETURN IS STILL NOT AVAILABLE.**

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ \_\_\_\_\_

b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ \_\_\_\_\_

c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ \_\_\_\_\_ **N/A**

**Signature and Verification**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature *Cristina Koh* Title CPA Date 3/1/07

**Notice to Applicant - To Be Completed by the IRS**

- We have approved this application. Please attach this form to the organization's return.
- We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return.
- We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
- We cannot consider this application because it was filed after the extended due date of the return for which an extension was requested.
- Other \_\_\_\_\_

Director \_\_\_\_\_ By: \_\_\_\_\_ Date \_\_\_\_\_

**Alternate Mailing Address** - Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

Type or print	Name <b>ATTN: SANDY PAILLERE, 10TH FL, MARKS PANETH &amp; SHRON LLP</b>
	Number and street (include suite, room, or apt. no.) or a P.O. box number <b>622 THIRD AVENUE</b>
	City or town, province or state, and country (including postal or ZIP code) <b>NEW YORK, NY 10017</b>

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