

**CYPRESS HILLS LOCAL DEVELOPMENT
CORPORATION**

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

JUNE 30, 2012 AND 2011

**CYPRESS HILLS LOCAL DEVELOPMENT
CORPORATION**

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Independent Auditor's Report

Board of Directors Cypress Hills Local Development Corporation

We have audited the accompanying balance sheet of Cypress Hills Local Development Corporation as of June 30, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Cypress Hills Local Development Corporation's 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cypress Hills Local Development Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Cypress Hills Local Development Corporation as of June 30, 2012 and 2011, 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.

A handwritten signature in cursive script that reads "Loeb & Troper LLP".

November 26, 2012

**CYPRESS HILLS LOCAL DEVELOPMENT
CORPORATION**

BALANCE SHEET

JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 480,681	\$ 627,660
Grants receivable	996,478	1,099,140
Accounts receivable	82,403	98,332
Contributions receivable - current	170,775	139,257
Prepaid expenses and deposits	30,608	70,959
Due from related parties (net of allowance for doubtful accounts of \$75,000 in 2012 and \$24,800 in 2011 (Note 4))	1,124,806	812,178
Fixed assets - net (Note 5)	<u>164,137</u>	<u>192,191</u>
Total assets	<u>\$ 3,049,888</u>	<u>\$ 3,039,717</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 653,051	\$ 547,733
Grant advances	2,684	89,445
Deferred rental income	11,356	10,650
Loans payable (Note 6)	<u>50,000</u>	<u>100,000</u>
Total liabilities	<u>717,091</u>	<u>747,828</u>
Net assets (Exhibit B)		
Unrestricted	1,605,625	1,698,162
Temporarily restricted (Note 3)	<u>727,172</u>	<u>593,727</u>
Total net assets	<u>2,332,797</u>	<u>2,291,889</u>
Total liabilities and net assets	<u>\$ 3,049,888</u>	<u>\$ 3,039,717</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

CYPRESS HILLS LOCAL DEVELOPMENT CORPORATION

EXHIBIT B

STATEMENT OF ACTIVITIES

YEARS ENDED JUNE 30, 2012 AND 2011

	2012		2011	
	Unrestricted	Temporarily Restricted	Total	Total
Revenues and other support				
Government grants	\$ 4,662,479	\$	4,662,479	\$ 5,249,351
Contributions	247,255	2,772,553	3,019,808	2,542,436
Management and development fees (Note 4)	187,673		187,673	510,430
Sublease rental revenue	103,909		103,909	107,035
Interest income	970		970	1,049
Miscellaneous income	11,506		11,506	16,012
Net assets released from restrictions (Note 3)	2,639,108	(2,639,108)		(2,489,315)
Total revenues and other support	7,852,900	133,445	7,986,345	8,525,344
Expenses (Exhibit C)				
Program services				
Youth and human services	4,748,974		4,748,974	4,605,140
Housing development and counseling	1,517,390		1,517,390	2,098,411
Economic development and community organizing	636,960		636,960	636,914
Total program services	6,903,324		6,903,324	7,340,465
Supporting services				
Management and general	855,678		855,678	811,809
Fund raising	186,435		186,435	173,386
Total supporting services	1,042,113		1,042,113	985,195
Total expenses	7,945,437		7,945,437	8,325,660
Change in net assets (Exhibit D)	(92,537)	133,445	40,908	(99,031)
Net assets - beginning of year	1,698,162	593,727	2,291,889	1,498,478
Net assets - end of year (Exhibit A)	\$ 1,605,625	\$ 727,172	\$ 2,332,797	\$ 1,698,162
				\$ 593,727
				\$ 2,291,889

See independent auditor's report.

The accompanying notes are an integral part of these statements.

CYPRESS HILLS LOCAL DEVELOPMENT CORPORATION
 STATEMENT OF FUNCTIONAL EXPENSES
 YEARS ENDED JUNE 30, 2012 AND 2011

	2012						
	Program Services			Supporting Services			
	Youth and Human Services	Housing Development and Counseling	Economic Development and Community Organizing	Total	Management and General	Fund Raising	Total
Salaries	\$ 3,073,867	\$ 681,655	\$ 315,492	\$ 4,071,014	\$ 494,783	\$ 117,970	\$ 4,683,767
Payroll taxes and employee benefits	748,928	223,660	109,808	1,082,396	170,514	43,767	1,296,677
Total salaries and related expenses	3,822,795	905,315	425,300	5,153,410	665,297	161,737	5,980,444
Development and capital assistance		20,326		20,326			20,326
Rent and utilities (Note 7)	67,821	71,845	5,459	145,125	6,298		151,423
Supplies	114,366	31,665	10,089	156,120	1,119	500	157,739
Professional services and consultants	306,024	391,724	136,507	834,255	41,675		875,930
Telephone and internet	28,286	8,320	10,368	46,974	4,915	445	52,334
Postage	5,008	4,888	1,038	10,934	1,242	248	12,424
Equipment rental/maintenance	76,688	16,528	13,090	106,306	6,946		113,252
Printing	4,999	3,881	2,148	11,028	1,253	251	12,532
Cleaning and maintenance	10,787	1,116		11,903	7,383	394	19,680
Insurance	37,479	11,613	3,627	52,719	5,326	526	58,571
Travel	62,234	4,097	2,626	68,957	2,786		71,743
Conferences and training	20,546	7,972	998	29,516	860		30,376
Interest					233		233
Bank charges					1,912		1,912
Advertising	2,330	275	50	2,655	8,861	16,000	27,516
Youth events	83,637		1,065	84,702			84,702
Stipends	17,437	539	3,695	21,671			21,671
Dues and subscriptions	1,524	11,612		13,136	3,049		16,185
Fees	5,722	13,530		19,252	12,661		31,913
Refreshments	31,250	5,855	6,751	43,856	7,110	107	51,073
Depreciation and amortization	17,244	3,931	1,965	23,140	4,914		28,054
Bad debt expense					56,966		56,966
Incentives/other expenses	32,797	2,358	12,184	47,339	14,872	6,227	68,438
Total expenses (Exhibit B)	\$ 4,748,974	\$ 1,517,390	\$ 636,960	\$ 6,903,324	\$ 855,678	\$ 186,435	\$ 7,945,437

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CYPRESS HILLS LOCAL DEVELOPMENT CORPORATION

EXHIBIT C
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STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2012 AND 2011

	2011						
	Program Services			Supporting Services			
	Youth and Human Services	Housing Development and Counseling	Economic Development and Community Organizing	Total	Management and General	Fund Raising	
Salaries	\$ 2,921,681	\$ 645,802	\$ 359,249	\$ 3,926,732	\$ 469,744	\$ 122,585	\$ 4,519,061
Payroll taxes and employee benefits	798,478	176,494	98,181	1,073,153	128,378	33,502	1,235,033
Total salaries and related expenses	3,720,159	822,296	457,430	4,999,885	598,122	156,087	5,754,094
Development and capital assistance		640,767		640,767			640,767
Rent and utilities (Note 7)	60,893	90,514	10,805	162,212	1,036		163,248
Supplies	108,026	12,445	13,234	133,705	15,194	3,039	151,938
Professional services and consultants	295,042	430,573	87,353	812,968	47,914		860,882
Telephone and internet	31,518	10,346	6,225	48,089	5,465	1,093	54,647
Postage	5,907	5,766	1,225	12,898	1,465	293	14,656
Equipment rental/maintenance	46,245	11,242	10,574	68,061	17,410		85,471
Printing	5,985	4,646	2,572	13,203	1,500	300	15,003
Cleaning and maintenance	5,560	575		6,135	3,805	203	10,143
Insurance	28,503	22,464	8,450	59,417	6,752	1,350	67,519
Travel	65,247	3,949	2,467	71,663	2,697		74,360
Conferences and training	24,539	9,851	3,387	37,777	2,062		39,839
Interest					706		706
Bank charges					1,145		1,145
Advertising	1,100	1,970	245	3,315			3,315
Youth events	63,672		2,835	66,507		5,000	71,507
Stipends	37,947	1,200	8,228	47,375	887		48,262
Dues and subscriptions	4,513	4,149		8,662	8,686		17,348
Fees	3,450	14,805		18,255	5,076		23,331
Refreshments	34,893	1,591	6,808	43,292	9,150	110	52,552
Depreciation and amortization	30,810	7,024	3,511	41,345	8,779		50,124
Bad debt expense					58,191		58,191
Incentives/other expenses	31,131	2,238	11,565	44,934	14,116	5,911	64,961
Total expenses (Exhibit B)	\$ 4,605,140	\$ 2,098,411	\$ 636,914	\$ 7,340,465	\$ 811,809	\$ 173,386	\$ 8,325,660

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**CYPRESS HILLS LOCAL DEVELOPMENT
CORPORATION**

STATEMENT OF CASH FLOWS

YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 40,908	\$ 100,653
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	28,054	50,124
Decrease (increase) in assets		
Grants receivable	102,662	220,768
Accounts receivable	15,929	3,947
Contributions receivable	(31,518)	188,302
Prepaid expenses and deposits	40,351	(34,256)
Due from related parties	(312,628)	(173,813)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	105,318	(173,444)
Grant advances	(86,761)	89,445
Deferred rental income	706	
	<u>(96,979)</u>	<u>271,726</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities		
Fixed asset acquisitions		<u>(27,203)</u>
Cash flows from financing activities		
Proceeds from loans		25,000
Principal payments on loans	(50,000)	(99,998)
Proceeds from line of credit	200,000	
Principal payments on line of credit	<u>(200,000)</u>	
Net cash used by financing activities	<u>(50,000)</u>	<u>(74,998)</u>
Net change in cash and cash equivalents	(146,979)	169,525
Cash and cash equivalents - beginning of year	<u>627,660</u>	<u>458,135</u>
Cash and cash equivalents - end of year	<u>\$ 480,681</u>	<u>\$ 627,660</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 233</u>	<u>\$ 706</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**CYPRESS HILLS LOCAL DEVELOPMENT
CORPORATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 1 - NATURE OF ORGANIZATION

Cypress Hills Local Development Corporation (Cypress Hills) is a not-for-profit community organization founded in May 1983 to revitalize the Cypress Hills community in northeast Brooklyn. The organization sponsors comprehensive housing preservation, economic development, community organizing and youth and human services programs that serve approximately 8,000 residents annually. Cypress Hills' programs and services include: tenant organizing, housing and homeownership counseling, mortgage foreclosure prevention, commercial revitalization, workforce development and college access counseling for young adults, summer youth employment, after-school programs, adult education classes, school-based community centers, a foster care prevention program, intergenerational services, benefits access help and free tax preparation, affordable housing development and the development of community facilities, a neighborhood-wide sustainability initiative, parent leadership and community organizing activities focused on educational reform and community building. The primary sources of revenues to Cypress Hills Local Development Corporation are government grants and contributions.

Cypress Hills is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - Cash and cash equivalents consist of cash and highly liquid investments with maturity dates when acquired of three months or less.

Grants receivable - Grants receivable are recorded based on contracts for services provided. A receivable is recorded when expenses incurred exceed cash received under the terms of the contract.

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**CYPRESS HILLS LOCAL DEVELOPMENT
CORPORATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable - Accounts receivable consist of receivables related to management and development fees and sublease rental revenue. Interest is not accrued or recorded on outstanding receivables.

Contributions receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Allowance for doubtful accounts - Management determines whether an allowance for doubtful accounts is necessary for grants, accounts, contributions receivable and due from related parties. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts. Such estimate is based on management's assessments of the creditworthiness of its grantors and contributors, the aged basis of its receivables, as well as current economic conditions, subsequent receipts and historical information. Cypress Hills has determined that no allowance for uncollectible accounts for grants, accounts or contributions receivable is necessary as of June 30, 2012 and 2011.

Fixed assets - Fixed assets are recorded at cost. Items with a cost in excess of \$1,500 with an estimated useful life of greater than one year are capitalized. Depreciation of assets is computed using the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is computed using the straight-line method over the lesser of the term of the lease or the estimated useful lives of the improvements.

Grant advances - Payments from government agencies in excess of qualifying expenses under the terms of the contract are reflected on the balance sheet as grant advances.

Deferred rental income - Rental income received for the next fiscal year is reported as deferred rental income.

Unrestricted net assets - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors.

Temporarily restricted net assets - Temporarily restricted net assets are those whose use by Cypress Hills has been limited by donors to a specific time period or purpose.

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**CYPRESS HILLS LOCAL DEVELOPMENT
CORPORATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants - Revenues from government contracts are recognized when reimbursable expenses are incurred under the terms of the contract. Such revenues are subject to audit by the agencies. No provision for any disallowances is reflected in the financial statements, since management does not anticipate any material adjustments.

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

Rental income - Rental income is recognized based on signed rental agreements. When material, an adjustment is made to straight-line the income over the term of the lease.

Functional allocation of expenses - The costs of providing Cypress Hills' services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Management and development fees - Revenues from management and development fees are recognized based on the terms of the signed agreements.

Rent expense - Operating lease expense has been recorded on the straight-line basis over the life of the lease. Deferred rent, when material, is recorded for the difference between the fixed payment and the rent expense.

Advertising - Advertising costs are expensed when incurred.

Uncertainty in income taxes - Cypress Hills has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2009 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through November 26, 2012, which is the date the financial statements were available to be issued.

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**CYPRESS HILLS LOCAL DEVELOPMENT
CORPORATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2012 and 2011 are available for the following purposes or periods:

	<u>2012</u>	<u>2011</u>
Community development	\$ 191,485	\$ 126,809
Economic development and community organizing		4,847
Housing development and counseling	32,087	12,581
Youth and human services	493,600	439,490
Building maintenance	<u>10,000</u>	<u>10,000</u>
	<u>\$ 727,172</u>	<u>\$ 593,727</u>

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2012</u>	<u>2011</u>
Community development	\$ 414,080	\$ 499,740
Economic development and community organizing	57,563	97,177
Housing development and counseling	284,358	268,131
Youth and human services	<u>1,883,107</u>	<u>1,624,267</u>
	<u>\$ 2,639,108</u>	<u>\$ 2,489,315</u>

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**CYPRESS HILLS LOCAL DEVELOPMENT
CORPORATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 4 - RELATED PARTIES

Cypress Hills is related through common board members to the following organizations:

125 Fountain Avenue LP
Cypress Court Housing Corporation
Cypress Corners Housing Corporation
Cypress Hills Community School Development Corporation, Inc.
Cypress Hills Housing Corporation
Arlington Apartment HDFC
Cypress Homes HDFC
Cypress Plaza Group LP
Cypress West HDFC
Glenmore Gardens HDFC
Cypress Hills Child Care Corporation
Cypress Corners LP
Cypress Court Associates LP
Cypress Hills Liberty, Inc.
Cypress Mews HDFC
Cypress Plaza Development Corporation
Liberty Apartments HDFC
Pitkin-Berriman HDFC
Cypress Village Housing Corporation
Cypress Village LP
Cypress Hills Senior Housing HDFC

During 2012 and 2011, Cypress Hills recorded management and development fees of \$187,673 and \$510,430, respectively, from these related parties.

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**CYPRESS HILLS LOCAL DEVELOPMENT
CORPORATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 5 - FIXED ASSETS

	<u>2012</u>	<u>2011</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 303,054	\$ 303,054	25 years
Equipment	<u>468,332</u>	<u>468,332</u>	5 years
	771,386	771,386	
Accumulated depreciation and amortization	<u>(607,249)</u>	<u>(579,195)</u>	
	<u>\$ 164,137</u>	<u>\$ 192,191</u>	

NOTE 6 - LOANS PAYABLE

Cypress Hills has unsecured interest-free loans payable under Deutsche Bank's working capital program. These loans mature at various dates through 2014 and are eligible for renewal at maturity. The funds are to be used for development of affordable housing. The balance as of June 30, 2012 and 2011 was \$50,000 and \$100,000, respectively.

In October 2010, Cypress Hills obtained a \$330,000 line of credit, expiring November 1, 2014, from Capital One Bank, with an interest rate of 3%. As of June 30, 2012 and 2011, the balance due was \$0.

On June 29, 2012, Cypress Hills entered into a \$500,000 loan agreement with The Contact Fund to develop affordable housing and retail shops. As of June 30, 2012 the loan balance was \$0. In November 2012, \$250,000 of the loan was drawn down. The annual interest rate of the loan is equal to the Prime Rate plus 1.75% on the outstanding balance and it is payable on June 28, 2015.

Interest expense for the years ended June 30, 2012 and June 30, 2011 was \$233 and \$706, respectively.

Future loan payments are as follows:

2013	\$ 25,000
2014	<u>25,000</u>
	<u>\$ 50,000</u>

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**CYPRESS HILLS LOCAL DEVELOPMENT
CORPORATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 7 - LEASE COMMITMENTS

Office space is leased under a 25-year operating lease expiring in 2015 at \$1 per year. Under the terms of the lease, Cypress Hills spent \$250,550 renovating the office space, which was capitalized and is being amortized over the life of the lease. The yearly amortization of \$10,022 on the original renovation approximates the fair value of the rental of the office space. Accordingly, Cypress Hills has not recorded donated rent or additional rent expense for this office space.

On January 1, 2007, Cypress Hills renewed its operating lease for a second office located at 3214 Fulton Street, Brooklyn, New York. The lease expired on December 31, 2009. Cypress Hills continues to make rental payments of \$990 on a month-to-month basis.

On January 1, 2007, Cypress Hills entered into an additional lease for an office located at 2836 Fulton Street, Brooklyn, New York. The lease expired on December 31, 2009. Between January and December 2010, Cypress Hills continued to make rental payments of \$715 on a month-to-month basis. On January 1, 2011, a new lease was signed. The lease expires on December 31, 2012. Monthly payments are \$787 and are not subject to any increases.

During 2010, Cypress Hills entered an operating lease for additional office space at 832 Jamaica Avenue. Monthly payments were \$1,750. The lease expired in October 2011 and was subsequently renewed until October 2013. Under the terms of the new lease, monthly payments are \$2,000 and are not subject to any increases.

During 2010, Cypress Hills entered into an operating lease agreement with Cypress Plaza Group LP for additional office space. The lease expires in 2024. Monthly rental payments are subject to annual increases.

Rent expense for the years ended June 30, 2012 and 2011 was \$123,941 and \$134,070, respectively.

Future minimum payments are due as follows:

2013	\$ 111,195
2014	91,120
2015	85,812
2016	87,528
2017	89,268
Thereafter	<u>676,968</u>
Total	<u>\$ 1,141,891</u>

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**CYPRESS HILLS LOCAL DEVELOPMENT
CORPORATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 8 - RENTAL INCOME

Cypress Hills receives rental income from four leases for use of their facilities. The leases expire in 2019. Minimum rental income is due as follows:

2013	\$ 109,983
2014	115,406
2015	118,937
2016	119,232
2017	119,420
Thereafter	<u>262,929</u>
Total	<u>\$ 845,907</u>

NOTE 9 - CONCENTRATIONS

The majority of Cypress Hills' government grants are funded through New York State and New York City government programs. The outstanding grants receivable due from New York City as of June 30, 2012 and 2011 are \$366,840 and \$502,867, respectively. The outstanding grants receivable due from New York State as of June 30, 2012 and 2011 are \$345,121 and \$228,843, respectively.

Financial instruments which potentially subject Cypress Hills to a concentration of credit risk are cash accounts with financial institutions in excess of FDIC insurance limits.

NOTE 10 - PENSION PLAN

In December 1999, Cypress Hills established a Section 403(b) retirement plan covering all full-time employees after one year of service. Cypress Hills may match the employees' contribution up to a maximum limit, as determined on a yearly basis. The pension expense for the years ended June 30, 2012 and 2011 was \$44,890 and \$51,212, respectively.

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**CYPRESS HILLS LOCAL DEVELOPMENT
CORPORATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 11 - COMMITMENTS

Cypress Hills has guaranteed loans for the following related Corporations:

- A. Cypress Hills Child Care Corporation for the benefit of Local Initiatives Support Corporation (LISC). The maximum value of the loan is \$575,000. At June 30, 2012, the balance was \$22,900.
- B. Glenmore Gardens HDFC for the benefit of LISC - The maximum value of the loan is \$150,000. At June 30, 2012, the balance was \$78,505.
- C. Cypress Homes HDFC for the benefit of LISC - The maximum value of the loan is \$2,000,000. At June 30, 2012, the balance was \$693,292.
- D. Cypress Homes HDFC for the benefit of Low Income Investment Fund (LIIF) - The maximum value of the loan is \$2,328,378. At June 30, 2012, the balance was \$802,616.
- E. Cypress Plaza Group LP for the benefit of Capital One Bank - The maximum value of the loan is \$860,235. At June 30, 2012, the balance was \$819,503.