

YES HOUSING, INC.
Albuquerque, New Mexico

FINANCIAL STATEMENTS
June 30, 2011 and 2010

TABLE OF CONTENTS

	PAGE
OFFICIAL ROSTER	1
INDEPENDENT AUDITOR’S REPORT	2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities.....	6
Consolidated Statements of Cash Flows	8
Consolidated Statements of Functional Expenses	10
Notes to Consolidated Financial Statements	12
SUPPLEMENTARY INFORMATION	27
Consolidating Statements of Financial Position	28
Consolidating Statements of Activities	32
Supplemental Information – Solar Villa Apartments	36
Schedule of Expenditures of Federal Awards	37
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	38
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.....	40
Schedule of Findings and Questioned Costs	42
Schedule of Prior Year Findings and Questioned Costs	44

**YES HOUSING, INC.
OFFICIAL ROSTER
June 30, 2011**

Board of Directors

Orlando Vigil, Chairman

Robert J. Avila, Vice Chairman

William M. Knauf, Secretary/Treasurer

Jerry Ryburn, Ex-Officio

Augustine C. Baca, Member

Renanah Taylor, Member

Joseph R. Ortega, Member

Executive Staff

Augustine C. Baca, YES President/CEO

Joseph R. Ortega, Executive Vice President/COO

Clyde "Skip" Skinner, Vice President/CFO

Independent Auditor's Report

To the Board of Directors of
YES Housing, Inc.
Albuquerque, New Mexico

We have audited the accompanying consolidated statement of financial position of YES Housing, Inc., a not-for-profit organization, and its affiliates (YES) as of June 30, 2011, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of YES's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of YES as of June 30, 2010 were audited by Meyners + Company, LLC, which practice was acquired by Clifton Gunderson LLP on January 1, 2011. Meyners + Company, LLC's report dated September 29, 2010, expressed an unqualified opinion on those consolidated financial statements.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of YES as of June 30, 2011 and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2011, on our consideration of YES's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements of YES taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic consolidated financial statements. The accompanying supplementary financial information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements of YES. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

Clifton Anderson LLP

Albuquerque, New Mexico
November 2, 2011

YES HOUSING, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

ASSETS

	2011	2010
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,544,653	\$ 1,471,536
Earnest deposits	3,250	10,000
Grant receivable	52,274	3,629
Accounts receivable - affiliates	372	1,830
Construction costs receivable	-	62,455
Rents and miscellaneous receivables	11,269	8,881
Prepaid expenses and deposit	19,039	13,326
Work in Process	919,939	646,228
Total current assets	2,550,796	2,217,885
PROPERTY, FURNITURE AND EQUIPMENT, net	9,742,204	6,359,177
OTHER ASSETS		
Debt-issue costs, net of accumulated amortization	53,103	57,862
Predevelopment costs	341,433	180,451
Receivables - affiliates	778,824	797,574
Notes receivable - affiliates	6,210,870	3,243,569
Investments in limited partnerships	1,488,885	1,442,023
Investments in marketable securities	3,414,915	6,985,084
Development fees receivable	2,185,242	2,331,349
Restricted cash and cash equivalents	312,641	248,290
Total other assets	14,785,913	15,286,202
TOTAL ASSETS	\$ 27,078,913	\$ 23,863,264

LIABILITIES

	<u>2011</u>	<u>2010</u>
CURRENT LIABILITIES		
Long-term debt - current maturities	\$ 1,768,098	\$ 492,442
Accrued interest payable	33,109	34,303
Accounts payable	307,931	57,662
Accrued salaries and payroll taxes	97,798	88,527
Tenant prepaid rent	546	20
Other accrued expenses	78,806	67,073
Pension plan liability	193,182	128,946
Security deposits	23,441	24,119
Short term promissory notes payable	<u>269,998</u>	<u>646,228</u>
Total current liabilities	2,772,909	1,539,320
LONG-TERM LIABILITIES		
Long-term debt, less current maturities	<u>6,714,737</u>	<u>6,003,828</u>
Total liabilities	<u>9,487,646</u>	<u>7,543,148</u>
NET ASSETS		
Unrestricted	<u>17,591,267</u>	<u>16,320,116</u>
Total net assets	<u>17,591,267</u>	<u>16,320,116</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 27,078,913</u>	<u>\$ 23,863,264</u>

The accompanying notes are an integral part of the consolidated financial statements.

YES HOUSING, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Rent	\$ 498,582	\$ -	\$ 498,582
Contribution revenue	581,530	-	581,530
Grant revenue	1,621,481	-	1,621,481
Development fees	427,145	-	427,145
Interest	333,641	-	333,641
Net unrealized/realized gain (loss) on investments	737,766	-	737,766
Other revenue	<u>310,608</u>	<u>-</u>	<u>310,608</u>
Total revenue	4,510,753	-	4,510,753
EXPENSES			
Program	2,214,921	-	2,214,921
General and administrative	<u>1,024,681</u>	<u>-</u>	<u>1,024,681</u>
Total expenses	<u>3,239,602</u>	<u>-</u>	<u>3,239,602</u>
CHANGE IN NET ASSETS	1,271,151	-	1,271,151
NET ASSETS, BEGINNING OF YEAR	<u>16,320,116</u>	<u>-</u>	<u>16,320,116</u>
NET ASSETS, END OF YEAR	<u>\$ 17,591,267</u>	<u>\$ -</u>	<u>\$ 17,591,267</u>

YES HOUSING, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Rent	\$ 486,673	\$ -	\$ 486,673
Grant revenue	614,300	-	614,300
Development fees	500,916	-	500,916
Interest	345,606	-	345,606
Net unrealized/realized gain (loss) on investments	797,530	-	797,530
Other revenue	278,841	-	278,841
Construction management fees	37,500	-	37,500
Net assets released from restriction	<u>51,333</u>	<u>(51,333)</u>	<u>-</u>
Total revenue	3,112,699	(51,333)	3,061,366
EXPENSES			
Program	2,135,128	-	2,135,128
General and administrative	<u>1,050,090</u>	<u>-</u>	<u>1,050,090</u>
Total expenses	<u>3,185,218</u>	<u>-</u>	<u>3,185,218</u>
CHANGE IN NET ASSETS	(72,519)	(51,333)	(123,852)
NET ASSETS, BEGINNING OF YEAR	<u>16,392,635</u>	<u>51,333</u>	<u>16,443,968</u>
NET ASSETS, END OF YEAR	<u>\$ 16,320,116</u>	<u>\$ -</u>	<u>\$ 16,320,116</u>

The accompanying notes are an integral part of the consolidated financial statements.

YES HOUSING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from rents	\$ 496,826	\$ 479,943
Cash received from grantors	1,572,836	634,629
Cash received from contributions	581,530	-
Interest received	333,641	345,606
Cash received from development fees	412,270	975,183
Other cash receipts	330,816	378,891
Cash received from management fees	62,455	44,230
Interest paid	(481,192)	(494,251)
Cash paid to suppliers and employees	<u>(2,168,784)</u>	<u>(2,502,486)</u>
Net cash provided (used) by operating activities	<u>1,140,398</u>	<u>(138,255)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances on notes receivable	(3,211,205)	(694,462)
Payments received on notes receivable	2,500	110,873
Proceeds from sales of investments	4,683,993	1,080,350
Purchases of investments	(181,516)	(661,391)
Additions to restricted cash balances	(115)	(51,406)
Work in process	(273,711)	(646,228)
Purchases of property and equipment	<u>(3,689,147)</u>	<u>(147,690)</u>
Net cash used by investing activities	<u>(2,669,201)</u>	<u>(1,009,954)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt issuance costs	(8,415)	(6,558)
Proceeds from loans	2,079,007	646,228
Principal payments on loans	<u>(468,672)</u>	<u>(85,314)</u>
Net cash provided by financing activities	<u>1,601,920</u>	<u>554,356</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	73,117	(593,853)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (Non-restricted)	<u>1,471,536</u>	<u>2,065,389</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (Non-restricted)	<u>\$ 1,544,653</u>	<u>\$ 1,471,536</u>

YES HOUSING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended June 30, 2011 and 2010

	2011	2010
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,271,151	\$ (123,852)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
Loss on disposition of assets	47,127	9,467
Depreciation and amortization	272,167	264,017
Unrealized gain on investments	(737,766)	(797,530)
Decrease (increase) in:		
Earnest deposits	6,750	-
Grant receivable	(48,645)	20,329
Accounts receivable - affiliates	20,208	(62,817)
Construction costs receivable	62,455	39,777
Rents and miscellaneous receivables	(1,801)	3,236
Prepaid expenses and deposit	(5,713)	4,999
Development fees receivable	(14,875)	474,267
Increase (decrease) in:		
Accrued interest payable	(1,194)	(1,510)
Accounts payable	250,163	(4,120)
Accrued salaries and payroll taxes	9,271	53,768
Tenant prepaid rent	45	(172)
Other accrued expenses	11,733	(18,867)
Security deposits	(678)	753
Total adjustments	(130,753)	(14,403)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,140,398	\$ (138,255)

SUPPLEMENTAL DISCLOSURE

During 2011 and 2010, there was no non-cash activity.

The accompanying notes are an integral part of the consolidated financial statements.

YES HOUSING, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended June 30, 2011

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 668,071	\$ 476,215	\$ 1,144,286
Employee benefits	195,074	179,912	374,986
Payroll taxes	<u>58,350</u>	<u>36,184</u>	<u>94,534</u>
Total personnel expenses	<u>921,495</u>	<u>692,311</u>	<u>1,613,806</u>
Depreciation and amortization	223,852	48,315	272,167
Donations expense	-	10,400	10,400
Duplication and publishing	367	3,895	4,262
Equipment	11,437	10,822	22,259
Insurance	31,286	21,489	52,775
Interest	471,998	8,000	479,998
Loss on disposal of assets	50,627	(3,500)	47,127
Other expenses	93,854	43,214	137,068
Predevelopment costs	6,720	-	6,720
Professional fees	30,282	128,464	158,746
Property management	35,964	-	35,964
Rent	35,079	27,710	62,789
Repairs and maintenance	92,080	13,685	105,765
Social services	5,425	-	5,425
Telephone and utilities	173,890	13,654	187,544
Training	6,485	5,525	12,010
Travel	<u>24,080</u>	<u>697</u>	<u>24,777</u>
Total other expenses	<u>1,293,426</u>	<u>332,370</u>	<u>1,625,796</u>
TOTAL EXPENSES	<u>\$ 2,214,921</u>	<u>\$ 1,024,681</u>	<u>\$ 3,239,602</u>

YES HOUSING, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
Year Ended June 30, 2010

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 712,252	\$ 397,169	\$ 1,109,421
Employee benefits	187,445	147,331	334,776
Payroll taxes	<u>61,956</u>	<u>35,990</u>	<u>97,946</u>
Total personnel expenses	<u>961,653</u>	<u>580,490</u>	<u>1,542,143</u>
Depreciation and amortization	206,140	57,877	264,017
Donations expense	3,000	3,680	6,680
Duplication and publishing	266	2,874	3,140
Equipment	6,892	25,706	32,598
Insurance	21,733	23,650	45,383
Interest	485,918	8,333	494,251
Loss on disposal of assets	9,467	-	9,467
Other expenses	55,797	50,262	106,059
Predevelopment costs	50,918	-	50,918
Professional fees	23,006	164,859	187,865
Property management	33,305	-	33,305
Rent	-	61,789	61,789
Repairs and maintenance	59,299	16,581	75,880
Social services	43,105	-	43,105
Telephone and utilities	156,907	29,854	186,761
Training	1,036	21,457	22,493
Travel	<u>16,686</u>	<u>2,678</u>	<u>19,364</u>
Total other expenses	<u>1,173,475</u>	<u>469,600</u>	<u>1,643,075</u>
TOTAL EXPENSES	<u>\$ 2,135,128</u>	<u>\$ 1,050,090</u>	<u>\$ 3,185,218</u>

The accompanying notes are an integral part of the consolidated financial statements.

YES HOUSING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Definition of Reporting Entity

YES Housing, Inc. (YES) was incorporated in the State of New Mexico in 1990. The purpose of YES is to provide housing, housing counseling, economic development, and opportunities for youth, families and the elderly nationwide and to participate in such activities, ventures, sales, leases, loans and investments as may be expected to provide capital or other benefits in furtherance of the above-mentioned activities. YES develops, owns and manages multi-family communities to provide a better quality of life to those served.

On August 20, 2002, YES Housing of Arizona, Inc. (a wholly owned subsidiary) incorporated under the Arizona Nonprofit Corporation Act in order to relieve the burdens on the poor, distressed, elderly and handicapped through the provision of affordable housing.

Principles of Consolidation

The consolidated financial statements include the accounts of YES and YES Housing of Arizona, Inc., and its 100% owned entities, Yes 6900 Gonzales, LLC; YES La Hacienda LLC and YES NSP LLC. Additionally, as described below, YES owns limited liability companies whose sole activity consists of ownership interests of .01% or less of various limited partnerships. All material intercompany transactions have been eliminated.

Use of Estimates in Preparing Financial Statements

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. Significant estimates include the methods and lives used to compute depreciation expense, and the allowance for uncollectible accounts. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958, YES is required to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, YES is required to present a consolidated statement of cash flows. No temporarily or permanently restricted assets were held during the years ended June 30, 2011 or 2010 and, accordingly, these consolidated financial statements do not reflect any activity related to this class of net assets.

YES HOUSING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The accompanying combined financial statements have been prepared using the accrual method of accounting. Under the accrual method of accounting, revenues are recognized when earned rather than received, and expenses are recognized when the related liability is incurred rather than when paid.

Cash and Cash Equivalents

For purposes of preparing the consolidated statement of cash flows, YES considers all undesignated interest-bearing accounts and debt instruments with an original maturity date of three months or less to be cash equivalents. Cash and cash equivalents may be held in separate accounts for purposes related to notes, for the purchase of various apartment complexes or board designation.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

The allowance for doubtful accounts at June 30, 2011 and 2010 was \$0, and the amount past due 90 days or longer was \$0 at June 30, 2011 and 2010. Historical uncollectible receivables have not been material to the financial statements.

Property, Furniture and Equipment

Property, furniture and equipment is stated at cost or, if donated, at the approximate fair value at the date of donation. Assets costing \$500 or more are capitalized. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the respective assets, as follows:

Computer equipment and software	3 – 5 years
Furniture and equipment	3 – 12 years
Automobiles	5 years
Buildings and improvements	10 – 40 years

Assets purchased with funds from grant sources are expensed in the year of purchase as title to these assets remains with the grant sources.

Debt-Issue Costs

Costs related to the financing of apartment complexes are being amortized over the term of the related loans using the effective interest method.

YES HOUSING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-lived Assets

YES reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of, if any, are reported at the lower of the carrying amount or the fair value less costs to sell. There was no impairment of long-lived assets at June 30, 2011.

Predevelopment Costs

YES capitalizes all costs associated with the predevelopment of a project. Any cost reimbursed as part of closing will be included as part of the initial building cost. Amounts not reimbursed are expensed at that time.

Investments in Limited Partnerships

YES's investments in limited partnerships in which the company has a 20% to 50% interest or otherwise exercises significant influence are carried at cost, adjusted for the company's proportionate share of their undistributed earnings and losses (see Note 6). YES, as the sole or controlling member of Limited Liability Companies (LLC), is a general partner through the LLC created for such purpose.

Investments in Marketable Securities

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Investment income or loss (including gain or losses on investment, interest and dividends) is included in the statement of activities as an increase or decrease in unrestricted net assets unless income or loss is restricted by donor or law.

Investments consist principally of marketable debt and equity securities. Fair value of investments in securities is based on the last reported sales price as of June 30, 2011.

Donated Services and Materials

YES recognizes significant contributions of services if the services create or enhance financial assets, require specialized skills, and would have been purchased had they not been provided as a contribution. Recognized contributed services are recorded at the fair value of the services on the date of donation. Significant donations of materials are recorded at their fair value on the date of donation.

YES HOUSING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support

YES reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets are subject to donor-imposed restrictions that may or will be met by the occurrence of a specific event or the passage of time. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Tax Status

All entities of YES and YES Housing of Arizona are non-profit corporations and qualify as a tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (IRC) and are classified as other than a private foundations. As such, their normal activities do not result in any income tax liability. YES did not incur any unrelated business taxable income for the years ended June 30, 2011 and 2010. As a result, YES did not recognize federal and state income tax for the years ended June 30, 2011 and 2010.

YES would recognize accrued interest related to unrecognized tax benefits in interest expense and penalties in operating expenses. There was no such interest or penalties recorded for the years ended June 30, 2011 and 2010.

YES files informational tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, YES is subject to examination by federal, state, local and foreign jurisdictions, where applicable. As of June 30, 2011, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year ended June 30, 2008 and forward.

Functional Allocation of Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain reclassifications have been made to the 2010 financial statements in order to conform to the 2011 presentation.

YES HOUSING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Management evaluated subsequent events through November 2, 2011, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2011, but prior to November 2, 2011, that provided additional evidence about conditions that existed at June 30, 2011, have been recognized in the consolidated financial statements for the year ended June 30, 2011. Events or transactions that provided evidence about conditions that did not exist at June 30, 2011, but arose before the consolidated financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2011.

NOTE 2 - DESIGNATED (RESTRICTED) CASH AND CASH EQUIVALENTS

YES maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. YES has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on cash or cash equivalents.

Amounts included in cash and cash equivalents that are designated for Solar Villas, La Hacienda and security deposits as of June 30 consist of the following:

	<u>2011</u>	<u>2010</u>
Operating deficit reserve	\$ 157,546	\$ -
Replacement reserve	143,466	65,149
Debt service reserve	141,499	141,549
Trustee account	87,263	95,166
Security deposits	23,666	24,224
Interest reserve	18,962	18,962
Property tax escrow	<u>805</u>	<u>802</u>
Total	<u>\$ 573,207</u>	<u>\$ 345,852</u>

A money market fund was also established during the fiscal year ended June 30, 2008. The use of the funds is subject to the Board of Directors' approval. The amounts designated by the Board for future use at June 30, 2011 and 2010 are \$4,306 and \$10,120, respectively.

Additionally, there is restricted cash in the amount of \$119,459 and \$119,344 as of June 30, 2011 and 2010, respectively, related to Bent Tree and Park Terrace, which were sold during the year ended June 30, 2007. Under a Statement of Understanding between YES and the City of Albuquerque, YES is required to set aside a portion of sales proceeds with restrictions detailed in the Statement of Understanding (see Note 12). This restriction will expire during fiscal year 2013.

Restricted cash also includes \$193,182 as of June 30, 2011 and \$128,946 as of June 30, 2010 for the 457(b) Retirement Plan (see Note 11). Total restricted cash was \$312,641 and \$248,290 as of June 30, 2011 and 2010, respectively.

YES HOUSING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 2 - DESIGNATED (RESTRICTED) CASH AND CASH EQUIVALENTS (CONTINUED)

These restricted funds are held in bank accounts and money market accounts, some of which invest in federal treasury obligations which market value approximates cost.

NOTE 3 – PROPERTY, FURNITURE AND EQUIPMENT

At June 30, property, furniture and equipment consisted of the following:

	<u>2011</u>	<u>2010</u>
Buildings	\$ 5,171,441	\$ 4,947,740
Building/land improvements	3,847,848	648,165
Furniture and equipment	760,081	668,035
Construction in progress	<u>-</u>	<u>2,933</u>
	9,779,370	6,266,873
Less accumulated depreciation	<u>(2,376,464)</u>	<u>(2,213,244)</u>
	7,402,906	4,053,629
Land	<u>2,339,298</u>	<u>2,305,548</u>
Total property, furniture and equipment	<u>\$ 9,742,204</u>	<u>\$ 6,359,177</u>

Depreciation expense for the years ended June 30, 2011 and 2010 totaled \$263,364 and \$253,025, respectively.

NOTE 4 - DEBT-ISSUE COSTS

Costs related to the financing of apartment complexes are being amortized over the term of the related loans. Debt-issue costs and related accumulated amortization as of June 30 are as follows:

	<u>2011</u>	<u>2010</u>
Debt-issue costs	\$ 98,581	\$ 96,723
Less accumulated amortization	<u>(45,478)</u>	<u>(38,861)</u>
Total	<u>\$ 53,103</u>	<u>\$ 57,862</u>

Amortization expense for the years ended June 30, 2011 and 2010 totaled \$8,803 and \$10,992, respectively.

YES HOUSING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 5 - NOTES AND DEVELOPMENT FEES RECEIVABLES – RELATED PARTIES

YES had notes receivable outstanding as of June 30 as listed below:

	<u>2011</u>	<u>2010</u>
Los Tres Limited Partnership	\$ 5,856,929	\$ 2,755,570
Vista Grande Limited Partnership	300,646	467,999
Otero Village Limited Partnership	<u>53,295</u>	<u>20,000</u>
Total	<u>\$ 6,210,870</u>	<u>\$ 3,243,569</u>

The loans are uncollateralized and are to be repaid when cash is available. Interest is being accrued on these notes at various rates. Accrued interest at June 30, 2011 and 2010 was \$556,743 and \$414,078, respectively.

\$55,730 in property management income is due to YES from Vista Grande Apartments Limited Partnership as of June 30, 2011 and 2010.

At June 30, 2011, management feels these notes are 100% collectible and, therefore, has not made any provisions for potential uncollectibility.

The following related party development fee income is due to YES from the various investments owned in part by YES and included in the development fees receivable total presented on the statement of financial position as of June 30:

	<u>2011</u>	<u>2010</u>
Otero Village Limited Partnership	\$ 41,025	\$ 41,025
Wildewood Apartments Limited Partnership	102,659	133,284
Los Tres Limited Partnership	1,667,400	1,667,400
Roswell Summit Limited Partnership	-	12,988
Vista Grande Limited Partnership	<u>374,158</u>	<u>374,158</u>
Total development fees receivable – related parties	2,185,242	2,228,855
Other development fees receivable	<u>-</u>	<u>102,494</u>
Total development fees receivable	<u>\$ 2,185,242</u>	<u>\$ 2,331,349</u>

YES HOUSING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 6 - INVESTMENTS IN LIMITED PARTNERSHIPS

Investments in limited partnerships consist of the following as of June 30:

	<u>Percent Owned</u>		<u>Investment</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Brentwood Gardens Apartments, LP	33.41%	33.82%	\$ 773,594	\$ 773,591
Montana Meadows Apartments, LP	28.10%	28.38%	436,073	436,071
Wildewood Apartments, LP	33.99%	32.17%	251,032	251,036
Roswell Summit, LP	0.01%	0.01%	64	76
Apple Ridge, LP	2.13%	2.32%	29,518	29,511
Otero Village, LP	0.12%	0.10%	(959)	(850)
Los Tres Apartments, LP	0.01%	0.01%	(367)	(270)
Vista Grande Apartments, LP	0.01%	0.01%	-	(47,081)
Bella Visa, LP	0.01%	0.01%	<u>(70)</u>	<u>(61)</u>
Total investment in limited partnerships			<u>\$1,488,885</u>	<u>\$1,442,023</u>

YES accounts for its investments in partnerships using the equity method. Condensed financial information for the significant partnership holdings per audited financial statements are as follows:

Summary as of June 30, 2011

	<u>Brentwood Gardens Apts.</u>	<u>Montana Meadows Apts.</u>	<u>Wildewood Apartments</u>
Assets:			
Current assets	\$ 843,762	\$ 468,313	\$ 457,987
Non-current assets	<u>6,097,750</u>	<u>3,908,523</u>	<u>2,910,290</u>
Total assets	<u>\$ 6,941,512</u>	<u>\$ 4,376,836</u>	<u>\$ 3,368,277</u>
Liabilities and equity:			
Current liabilities	\$ 261,134	\$ 190,045	\$ 125,759
Non-current liabilities	4,265,000	2,635,000	2,504,144
Equity	<u>2,315,378</u>	<u>1,551,791</u>	<u>738,374</u>
Total liabilities and equity	<u>\$ 6,941,512</u>	<u>\$ 4,376,836</u>	<u>\$ 3,368,277</u>
Revenues	<u>\$ 1,106,659</u>	<u>\$ 671,839</u>	<u>\$ 483,081</u>
Net income (loss)	<u>\$ 81,043</u>	<u>\$ 26,930</u>	<u>\$ (41,878)</u>

YES HOUSING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 6 - INVESTMENTS IN LIMITED PARTNERSHIPS (CONTINUED)

Summary as of June 30, 2010

	<u>Brentwood Gardens Apts.</u>	<u>Montana Meadows Apts.</u>	<u>Wildewood Apartments</u>
Assets:			
Current assets	\$ 781,652	\$ 494,338	\$ 459,708
Non-current assets	<u>6,275,461</u>	<u>4,025,764</u>	<u>3,018,892</u>
Total assets	<u>\$ 7,057,113</u>	<u>\$ 4,520,102</u>	<u>\$ 3,478,600</u>
Liabilities and equity:			
Current liabilities	\$ 247,753	\$ 181,174	\$ 119,757
Non-current liabilities	4,522,000	2,802,163	2,578,591
Equity	<u>2,287,360</u>	<u>1,536,765</u>	<u>780,252</u>
Total liabilities and equity	<u>\$ 7,057,113</u>	<u>\$ 4,520,102</u>	<u>\$ 3,478,600</u>
Revenues	<u>\$ 996,502</u>	<u>\$ 654,468</u>	<u>\$ 480,466</u>
Net income (loss)	<u>\$ (41,803)</u>	<u>\$ 46,982</u>	<u>\$ (47,007)</u>

YES Housing of Arizona, Inc. owns YES of Arizona LLC. YES of Arizona, LLC owns 70% of YES Los Tres, LLC, which owns .01% of Los Tres Apartments Limited Partnership. As of June 30, 2011, no cost investment had been made in these entities.

NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS

In determining fair value, YES uses various valuation approaches within the ASC 820 fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. ASC 820 defines levels within the hierarchy based on the reliability of inputs as follows:

- Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Except for certificates of deposit, investments are measured at fair value using Level 1 inputs. The fair values are based on quoted market prices at the reporting date. Certificates of Deposit are carried at cost, which in management's opinion approximates fair market value.

YES HOUSING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents assets and liabilities measured at fair value by classification within the fair value hierarchy.

As of June 30, 2011:	Fair Value Measurement Using			Total	Cost Basis
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Mutual Funds:					
Growth Funds	\$ 1,262,073	\$ -	\$ -	\$ 1,262,073	\$ 1,104,941
Bond Funds	1,229,424	-	-	1,229,424	1,176,430
Value Funds	392,000	-	-	392,000	419,785
Natural Resources	258,329	-	-	258,329	215,287
Large Blend Funds	144,805	-	-	144,805	167,751
Emerging Markets	<u>128,284</u>	<u>-</u>	<u>-</u>	<u>128,284</u>	<u>99,430</u>
Total	<u>\$ 3,414,915</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,414,915</u>	<u>\$ 3,183,624</u>
As of June 30, 2010:					
Mutual Funds:					
Growth Funds	\$ 1,615,260	\$ -	\$ -	\$ 1,615,260	\$ 1,764,749
Bond Funds	3,682,602	-	-	3,682,602	3,806,443
Value Funds	980,342	-	-	980,342	1,373,724
Natural Resources	306,379	-	-	306,379	224,363
Large Blend Funds	245,123	-	-	245,123	320,000
Emerging Markets	<u>155,378</u>	<u>-</u>	<u>-</u>	<u>155,378</u>	<u>141,313</u>
Total	<u>\$ 6,985,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,985,084</u>	<u>\$ 7,630,592</u>

A summary of return on investments consists of the following for the years ended June 30:

	2011	2010
Net realized gain (loss)	\$ 53,954	\$ (169,003)
Net unrealized gain, investment	878,354	884,652
Net unrealized gain (loss), limited partnerships	<u>(194,542)</u>	<u>81,881</u>
Total	<u>\$ 737,766</u>	<u>\$ 797,530</u>

YES HOUSING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 8 - LONG-TERM DEBT AND SHORT-TERM PROMISSORY NOTES PAYABLE

At June 30, long-term debt consisted of the following:

	<u>2011</u>	<u>2010</u>
New Mexico Mortgage Finance Authority, First State Bank-Trustee, 0% interest, maturity date March 2031. Repayments are made from excess cash-flows and remaining balance to be forgiven upon satisfactory completion of affordability period.	\$ 2,079,007	\$ -
Bernalillo County, New Mexico, Subordinate Series 1997G note, interest only payments until October 15, 2027, at which time payment of principal is due; with interest at 8.75%, with real estate, furniture and equipment pledged as collateral.	2,600,000	2,600,000
Raza Development Fund, Inc., monthly interest only payments of \$7,661 through December 14, 2011, with interest at 7.25%, secured by real estate.	1,268,100	1,268,100
Bernalillo County, New Mexico, Senior Series 1997F note, due in annual payments ranging from \$10,000 to \$275,000 through October 15, 2022, with interest at 7.25%, with real estate, furniture and equipment pledged as collateral.	1,245,000	1,300,000
First Community Bank, monthly interest payments of \$4,500 through October 2013, with variable interest rate of prime (currently 3.25%) plus 1.25% but not less than 6.5% or greater than 10.75% per annum, secured by real estate.	462,346	481,883
First Community Bank, monthly principal and interest payments of \$3,913 through June 10, 2013, with interest at 6.5%, with real estate, pledged as collateral.	428,382	446,287
Wells Fargo Community Development Corporation, quarterly interest payments equal to 2% on principal sum outstanding for the first five years following date of disbursement, and thereafter at a fixed interest equal to the greater of 2% or the Treasury Rate minus 3.5% through March 15, 2011, with principal plus accrued interest due in full on September 22, 2011.	<u>400,000</u>	<u>400,000</u>
	8,482,835	6,496,270
Less current maturities	<u>(1,768,098)</u>	<u>(492,442)</u>
Total long-term debt	<u>\$ 6,714,737</u>	<u>\$ 6,003,828</u>

YES HOUSING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 8 - LONG-TERM DEBT AND SHORT-TERM PROMISSORY NOTES PAYABLE
(CONTINUED)

Aggregate maturities of long-term debt as of June 30, 2011 are as follows:

Years ended June 30:

2012	\$ 1,768,098
2013	496,440
2014	489,290
2015	75,000
2016	80,000
2017 and thereafter	<u>5,574,007</u>
Total	<u>\$ 8,482,835</u>

Interest expense paid related to these notes for the years ended June 30, 2011 and 2010 totaled \$479,998 and \$494,251, respectively.

The short-term promissory notes payable are for properties associated with the Neighborhood Stabilization Program I project. These properties are purchased by YES Housing, Inc., who then manages the rehabilitation and improvement construction. At the end of the project, the properties are sold to qualified purchasers who assume the note payable. At June 30, 2011, there were two such properties with notes payable balances totaling \$269,998. Both of these properties were subsequently sold and loans assumed by purchasers in August 2011. At June 30, 2010, there were four properties with notes payable balances totaling \$646,228. All four properties were sold and loans transferred to purchasers during the year ended June 30, 2011.

NOTE 9 – RENTAL REVENUE

In June 2010, YES entered into an agreement to lease one of its buildings. The lease began April 2011 and expires in December 2018, with monthly rent of \$5,833. Rental revenue for the year ended June 30, 2011 was \$16,333. Future rental income to be received as of June 30, 2011 is as follows:

Year Ended June 30:

2012	\$ 69,996
2013	69,996
2014	69,996
2015	69,996
2016	69,996
Thereafter	<u>104,994</u>
Total	<u>\$ 454,974</u>

YES HOUSING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 10 - RENTAL REVENUE, RELATED PARTIES

In May 2001, YES entered into an agreement to lease one of its buildings to a related party (see Note 13), which expires in April 2014. Rental revenue related to this lease for the years ended June 30, 2011 and 2010 was \$114,139 and \$112,163, respectively. Rental payments due under the leases are to be adjusted each year by the lesser of the Consumer Price Index or 3%.

In January 2008, YES entered into an agreement to lease another of its buildings to a related party (see Note 13), which expires in December 2011. Rental revenue related to this lease for the years ended June 30, 2011 and 2010 was \$16,200.

Future expected rent revenue from related parties at June 30 is as follows:

Year Ended June 30:

2012	\$ 125,663
2013	121,090
2014	<u>103,418</u>
Total minimum lease payments	<u>\$ 350,171</u>

NOTE 11 - RETIREMENT PLAN

Full-time regular employees of YES can participate in a retirement plan designed to comply with the requirements of Section 403(b) of the Internal Revenue Code. This plan is classified as a defined contribution plan. The employee contributions to the plan are considered a reduction of salary for federal income tax purposes.

All full-time regular employees are eligible to participate in this plan on their first day of employment. After six months of service, YES makes a 10% (effective July 1, 2007) matching contribution of the employee's gross salary to the plan, if the employee contributes at least 3% of their bi-weekly gross salary. YES contributed \$92,150 and \$96,117 to the retirement plan during the years ended June 30, 2011 and 2010, respectively.

During fiscal year 2007, YES adopted a 457(b) Retirement Plan wherein the employer contributes 10% of eligible participants' bi-weekly gross pay, which is accrued on YES' balance sheet until the employee is eligible for retirement. Designated members of Senior Management (Chief Executive Officer, Executive Vice President/Chief Operations Officer and Vice President/Chief Financial Officer) are eligible employees for participation in this plan. This plan is subject to credit risk. YES contributed \$40,762 and \$39,700 to the retirement plan during the years ended June 30, 2011 and 2010, respectively.

YES HOUSING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Rent Increases

Under U.S. Department of Housing and Urban Development agreements, YES may not increase rents charged to tenants residing in Housing Assistance Payment Program properties without prior approval.

Operating Leases

YES leases equipment and office space under non-cancelable operating leases that expire at various dates through August 2017. YES entered into an agreement to lease office space from a related party (see Note 13). The lease runs through August 31, 2017. Rental payments due under this lease are to be adjusted each year by the greater of the Consumer Price Index or 3% and currently are \$5,489 per month.

Future rent expense under all non-cancelable operating leases is expected to be as follows:

Year Ended June 30:

2012	\$	75,026
2013		74,953
2014		70,856
2015		71,713
2016		73,780
2017 and thereafter		<u>88,720</u>
Total	\$	<u>455,048</u>

Lease payments related to all leases for the years ended June 30, 2011 and 2010 totaled \$73,117 and \$74,275, respectively.

Economic Dependence

YES receives support from the U.S. Department of Housing and Urban Development. During the years ended June 30, 2011 and 2010, rents from Section 8 Housing Assistance Payment Programs amounted to \$535,571 and \$519,717, respectively, and represented 11% of total revenues and other support (net of unrealized and realized loss on investments) for the year ended June 30, 2011 and 17% for the year ended June 30, 2010.

Conditions of Sale

During the 2007 fiscal year, YES sold Bent Tree and Park Terrace and, as a condition of the sale, the City of Albuquerque and YES entered into a Statement of Understanding. The conditions of the statement are that the City of Albuquerque would release the Property Use Restrictions Agreement under the following conditions:

YES HOUSING, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 12 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

1. YES will agree to encumber the City share (the outstanding balance of the City loans) and such funds would be invested into a mutually agreed upon affordable housing development in the City of Albuquerque, with priority preference given to the southeast area (see Note 2).
2. YES will work with City staff, other non-profit organizations and others to develop at least 34 units of affordable rental housing within 3 to 5 years of the sale of the properties.

NOTE 13 - RELATED PARTIES

The President and Chief Executive Officer of YES Housing, Inc. is also the President of Youth Development Inc. (YDI).

YES leases office space from YDI and rent expense under such lease was \$60,935 and \$61,789 in 2011 and 2010, respectively (see Note 12).

YDI leases commercial office space from YES, and rental revenue under such lease was \$114,139 and \$112,163 in 2011 and 2010, respectively (see Note 10). Additionally, YDI leases Chama Apartments from YES, and rental revenue under such lease was \$16,200 in both 2011 and 2010.

YES is the Guarantor for any loan resizing and payback that may be required to convert a permanent loan on the Los Tres Apartments project in Phoenix, Arizona. This project was developed through YES Housing of Arizona, Inc., a wholly owned subsidiary of YES as of June 30, 2011. As Guarantor, YES was required to pay down the outstanding balance of the loan by \$2.6M during this fiscal year. YES and Citi have renegotiated the Permanent Loan Conversion Date on this project to read July 1, 2015.

The following are various fees from the limited partnerships:

	<u>2011</u>	<u>2010</u>
Incentive management fees	\$ 143,540	\$ 97,393
Administrative fees	\$ 11,223	\$ 11,042
GP asset management fees	\$ 3,574	\$ 6,784
Partnership fees	\$ 55,964	\$ 72,849
Support and guaranty fee	\$ 32,127	\$ -

This information is an integral part of the accompanying consolidated financial statements.

SUPPLEMENTARY INFORMATION

YES HOUSING, INC.
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
June 30, 2011

	General Fund	Payroll	Development Services	Social Services	Enterprise Fund Grant	Solar Villas Brentwood Gardens Grant	Roswell Service Summit Service Coordinator Grant
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 779,685	\$ 9,210	\$ 99,416	\$ -	\$ -	\$ -	\$ -
Earnest deposits	-	-	-	-	-	-	-
Grant receivable	-	-	-	-	-	9,190	3,823
Accounts receivable - affiliates	-	-	-	372	-	-	-
Construction costs receivable	-	-	-	-	-	-	-
Rents and miscellaneous receivables	81	-	-	-	-	-	-
Prepaid expenses and deposits	12,454	-	1,888	-	-	-	-
Work in Process	-	-	-	-	-	-	-
Interfund receivables	-	51,367	-	-	-	-	-
Total current assets	<u>792,220</u>	<u>60,577</u>	<u>101,304</u>	<u>372</u>	<u>-</u>	<u>9,190</u>	<u>3,823</u>
PROPERTY, FURNITURE AND EQUIPMENT, NET							
	84,113	-	1,126,598	-	-	-	-
DEBT-ISSUE COSTS, NET							
	-	-	943	-	-	-	-
PREDEVELOPMENT COSTS							
	-	-	160,982	-	-	-	-
RECEIVABLES - AFFILIATES							
	438,127	-	-	-	-	-	-
NOTES RECEIVABLES - AFFILIATES							
	5,581,798	-	522,050	-	-	-	-
INVESTMENTS IN LIMITED PARTNERSHIPS							
	1,648,030	-	-	-	-	-	-
INVESTMENTS IN MARKETABLE SECURITIES							
	3,414,915	-	-	-	-	-	-
DEVELOPMENT FEES RECEIVABLE							
	2,190,353	-	-	-	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS							
	312,641	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 14,462,197</u>	<u>\$ 60,577</u>	<u>\$ 1,911,877</u>	<u>\$ 372</u>	<u>\$ -</u>	<u>\$ 9,190</u>	<u>\$ 3,823</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Long-term debt - current maturities	\$ 400,000	\$ -	585,297	\$ -	\$ -	\$ -	\$ -
Accrued interest payable	-	-	2,321	-	-	-	-
Accounts payable	31,855	-	8,792	951	-	753	490
Accrued salaries and payroll taxes	34,793	44,817	6,801	3,580	-	-	-
Tenant prepaid rent	-	-	-	-	-	-	-
Other accrued expenses	27,614	15,760	6,628	-	-	-	-
Pension plan liability	193,182	-	-	-	-	-	-
Security deposits	-	-	-	-	-	-	-
Short term promissory notes payable	-	-	-	-	-	-	-
Interfund payables	34,967	-	3,859	-	-	8,437	3,333
Total current liabilities	<u>722,411</u>	<u>60,577</u>	<u>613,698</u>	<u>4,531</u>	<u>-</u>	<u>9,190</u>	<u>3,823</u>
LONG-TERM DEBT, LESS CURRENT MATURITIES							
	-	-	409,165	-	-	-	-
Total liabilities	<u>722,411</u>	<u>60,577</u>	<u>1,022,863</u>	<u>4,531</u>	<u>-</u>	<u>9,190</u>	<u>3,823</u>
NET ASSETS							
Unrestricted	13,739,786	-	730,236	(4,159)	-	-	-
Capital contribution	-	-	158,778	-	-	-	-
Total net assets	<u>13,739,786</u>	<u>-</u>	<u>889,014</u>	<u>(4,159)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 14,462,197</u>	<u>\$ 60,577</u>	<u>\$ 1,911,877</u>	<u>\$ 372</u>	<u>\$ -</u>	<u>\$ 9,190</u>	<u>\$ 3,823</u>

<u>Transitional Living</u>	<u>901 Pennsylvania</u>	<u>Solar Villas Apartments</u>	<u>YES of Arizona</u>	<u>Neighborhood Stabilization Program I</u>	<u>Neighborhood Stabilization Program II</u>	<u>La Hacienda</u>	<u>Asset Management</u>	<u>La Promesa</u>	<u>Eliminations</u>	<u>Totals</u>
\$ 12,070	\$ 25,419	\$ 344,089	\$ 3,495	\$ -	\$ 1	\$ 271,268	\$ -	\$ -	\$ -	\$ 1,544,653
-	-	-	-	1,250	2,000	-	-	-	-	3,250
-	-	-	-	-	39,261	-	-	-	-	52,274
-	-	-	-	-	-	-	-	-	-	372
-	-	-	-	-	-	-	-	-	-	-
3,600	-	-	-	3,846	-	2,307	-	1,435	-	11,269
240	169	-	-	-	-	2,224	132	1,932	-	19,039
-	-	-	-	269,998	649,941	-	-	-	-	919,939
-	-	-	-	-	-	-	-	-	(51,367)	-
<u>15,910</u>	<u>25,588</u>	<u>344,089</u>	<u>3,495</u>	<u>275,094</u>	<u>691,203</u>	<u>275,799</u>	<u>132</u>	<u>3,367</u>	<u>(51,367)</u>	<u>2,550,796</u>
377,044	520,750	4,132,690	-	-	-	2,005,119	-	1,495,890	-	9,742,204
-	6,178	42,772	-	-	-	2,040	-	1,170	-	53,103
-	-	-	180,451	-	-	-	-	-	-	341,433
-	-	-	340,697	-	-	-	-	-	-	778,824
-	-	-	3,040,886	-	-	-	-	-	(2,933,864)	6,210,870
-	-	-	(367)	-	-	-	-	-	(158,778)	1,488,885
-	-	-	-	-	-	-	-	-	-	3,414,915
-	-	-	-	-	-	-	-	-	(5,111)	2,185,242
-	-	-	-	-	-	-	-	-	-	312,641
<u>\$ 392,954</u>	<u>\$ 552,516</u>	<u>\$ 4,519,551</u>	<u>\$ 3,565,162</u>	<u>\$ 275,094</u>	<u>\$ 691,203</u>	<u>\$ 2,282,958</u>	<u>\$ 132</u>	<u>\$ 1,500,427</u>	<u>\$ (3,149,120)</u>	<u>\$ 27,078,913</u>
\$ -	\$ 20,781	\$ 60,000	\$ -	\$ -	\$ -	\$ -	\$ -	702,020	\$ -	\$ 1,768,098
-	2,504	28,284	-	-	-	-	-	-	-	33,109
3,598	3,002	13,860	-	3,583	20,689	218,002	2,356	-	-	307,931
-	-	-	-	-	-	-	7,807	-	-	97,798
-	-	546	-	-	-	-	-	-	-	546
-	4,444	10,955	803	-	-	10,585	-	2,017	-	78,806
-	-	-	-	-	-	-	-	-	-	193,182
-	-	23,441	-	-	-	-	-	-	-	23,441
-	-	-	-	269,998	-	-	-	-	-	269,998
-	-	-	-	-	-	5,814	68	-	(56,478)	-
<u>3,598</u>	<u>30,731</u>	<u>137,086</u>	<u>803</u>	<u>273,581</u>	<u>20,689</u>	<u>234,401</u>	<u>10,231</u>	<u>704,037</u>	<u>(56,478)</u>	<u>2,772,909</u>
-	441,565	3,785,000	2,933,864	-	-	2,079,007	-	-	(2,933,864)	6,714,737
<u>3,598</u>	<u>472,296</u>	<u>3,922,086</u>	<u>2,934,667</u>	<u>273,581</u>	<u>20,689</u>	<u>2,313,408</u>	<u>10,231</u>	<u>704,037</u>	<u>(2,990,342)</u>	<u>9,487,646</u>
389,356	80,220	597,465	630,495	1,513	670,514	(30,450)	(10,099)	796,390	-	17,591,267
-	-	-	-	-	-	-	-	-	(158,778)	-
<u>389,356</u>	<u>80,220</u>	<u>597,465</u>	<u>630,495</u>	<u>1,513</u>	<u>670,514</u>	<u>(30,450)</u>	<u>(10,099)</u>	<u>796,390</u>	<u>(158,778)</u>	<u>17,591,267</u>
<u>\$ 392,954</u>	<u>\$ 552,516</u>	<u>\$ 4,519,551</u>	<u>\$ 3,565,162</u>	<u>\$ 275,094</u>	<u>\$ 691,203</u>	<u>\$ 2,282,958</u>	<u>\$ 132</u>	<u>\$ 1,500,427</u>	<u>\$ (3,149,120)</u>	<u>\$ 27,078,913</u>

YES HOUSING, INC.
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION (CONTINUED)
June 30, 2010

	General Fund	Payroll	Development Services	Social Services	Enterprise Fund Grant	Roswell Service Summit Service Coordinator Grant
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 932,269	\$ 9,903	\$ 106,564	\$ -	\$ -	\$ -
Earnest deposits	-	-	-	-	-	-
Grant receivable	-	-	-	-	-	3,629
Accounts receivable - affiliates	1,311	-	-	519	-	-
Construction costs receivable	-	-	-	-	-	-
Rents and miscellaneous receivables	324	908	6,600	-	-	-
Prepaid expenses and deposits	8,702	-	3,698	-	-	-
Work in Process	-	-	-	-	-	-
Interfund receivables	6,740	44,549	-	-	-	-
Total current assets	<u>949,346</u>	<u>55,360</u>	<u>116,862</u>	<u>519</u>	<u>-</u>	<u>3,629</u>
PROPERTY, FURNITURE AND EQUIPMENT, NET	101,973	-	1,871,355	-	-	-
DEBT-ISSUE COSTS, NET	-	-	5,737	-	-	-
PREDEVELOPMENT COSTS	-	-	-	-	-	-
RECEIVABLES - AFFILIATES	576,461	-	-	-	-	-
NOTES RECEIVABLE - AFFILIATES	2,634,583	-	491,465	-	-	-
INVESTMENTS IN LIMITED PARTNERSHIPS	1,601,071	-	-	-	-	-
INVESTMENTS IN MARKETABLE SECURITIES	6,985,084	-	-	-	-	-
DEVELOPMENT FEES RECEIVABLE	2,331,349	-	-	-	-	-
RESTRICTED CASH AND CASH EQUIVALENTS	248,290	-	-	-	-	-
TOTAL ASSETS	<u>\$ 15,428,157</u>	<u>\$ 55,360</u>	<u>\$ 2,485,419</u>	<u>\$ 519</u>	<u>\$ -</u>	<u>\$ 3,629</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Long-term debt - current maturities	\$ 400,000	\$ -	\$ 17,905	\$ -	\$ -	\$ -
Accrued interest payable	-	-	2,579	-	-	-
Accounts payable	30,222	-	2,388	245	-	-
Accrued salaries and payroll taxes	23,024	41,791	9,579	2,162	-	352
Tenant prepaid rent	-	-	-	-	-	-
Other accrued expenses	28,297	13,569	8,893	-	-	-
Pension plan liability	128,946	-	-	-	-	-
Security deposits	-	-	-	-	-	-
Short term promissory notes payable	-	-	-	-	-	-
Interfund payables	43,684	-	195	-	-	4,570
Total current liabilities	<u>654,173</u>	<u>55,360</u>	<u>41,539</u>	<u>2,407</u>	<u>-</u>	<u>4,922</u>
LONG-TERM DEBT, LESS CURRENT MATURITIES	-	-	1,696,482	-	-	-
Total liabilities	<u>654,173</u>	<u>55,360</u>	<u>1,738,021</u>	<u>2,407</u>	<u>-</u>	<u>4,922</u>
NET ASSETS						
Unrestricted	14,773,984	-	588,620	(1,888)	-	(1,293)
Capital contribution	-	-	158,778	-	-	-
Total net assets	<u>14,773,984</u>	<u>-</u>	<u>747,398</u>	<u>(1,888)</u>	<u>-</u>	<u>(1,293)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,428,157</u>	<u>\$ 55,360</u>	<u>\$ 2,485,419</u>	<u>\$ 519</u>	<u>\$ -</u>	<u>\$ 3,629</u>

<u>Transitional Living</u>	<u>901 Pennsylvania</u>	<u>Solar Villas Apartments</u>	<u>YES of Arizona</u>	<u>Neighborhood Stabilization Program I</u>	<u>Neighborhood Stabilization Program II</u>	<u>La Hacienda</u>	<u>Asset Management</u>	<u>Eliminations</u>	<u>Totals</u>
\$ -	\$ 46,971	\$ 374,653	\$ 1,176	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,471,536
-	-	-	-	-	-	10,000	-	-	10,000
-	-	-	-	-	-	-	-	-	3,629
-	-	-	-	-	-	-	-	-	1,830
-	-	-	-	51,365	-	11,090	-	-	62,455
-	-	986	-	-	438	-	-	(375)	8,881
241	169	516	-	-	-	-	-	-	13,326
-	-	-	-	646,228	-	-	-	-	646,228
-	-	-	-	-	-	-	-	(51,289)	-
<u>241</u>	<u>47,140</u>	<u>376,155</u>	<u>1,176</u>	<u>697,593</u>	<u>438</u>	<u>21,090</u>	<u>-</u>	<u>(51,664)</u>	<u>2,217,885</u>
384,346	492,544	3,508,959	-	-	-	-	-	-	6,359,177
-	6,686	45,439	-	-	-	-	-	-	57,862
-	-	-	180,451	-	-	-	-	-	180,451
-	-	-	221,113	-	-	-	-	-	797,574
-	-	-	2,755,570	-	-	-	-	(2,638,049)	3,243,569
-	-	-	(270)	-	-	-	-	(158,778)	1,442,023
-	-	-	-	-	-	-	-	-	6,985,084
-	-	-	-	-	-	-	-	-	2,331,349
-	-	-	-	-	-	-	-	-	248,290
<u>\$ 384,587</u>	<u>\$ 546,370</u>	<u>\$ 3,930,553</u>	<u>\$ 3,158,040</u>	<u>\$ 697,593</u>	<u>\$ 438</u>	<u>\$ 21,090</u>	<u>\$ -</u>	<u>\$ (2,848,491)</u>	<u>\$23,863,264</u>
\$ -	\$ 19,537	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 492,442
-	2,610	29,114	-	-	-	-	-	-	34,303
2,208	-	9,745	960	757	-	11,137	-	-	57,662
-	-	-	-	5,854	-	-	6,140	(375)	88,527
-	-	20	-	-	-	-	-	-	20
-	4,574	10,938	802	-	-	-	-	-	67,073
-	-	-	-	-	-	-	-	-	128,946
-	-	24,119	-	-	-	-	-	-	24,119
-	-	-	-	646,228	-	-	-	-	646,228
-	-	2,840	-	-	-	-	-	(51,289)	-
<u>2,208</u>	<u>26,721</u>	<u>131,776</u>	<u>1,762</u>	<u>652,839</u>	<u>-</u>	<u>11,137</u>	<u>6,140</u>	<u>(51,664)</u>	<u>1,539,320</u>
-	<u>462,346</u>	<u>3,845,000</u>	<u>2,638,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,638,049)</u>	<u>6,003,828</u>
<u>2,208</u>	<u>489,067</u>	<u>3,976,776</u>	<u>2,639,811</u>	<u>652,839</u>	<u>-</u>	<u>11,137</u>	<u>6,140</u>	<u>(2,689,713)</u>	<u>7,543,148</u>
382,379	57,303	(46,223)	518,229	44,754	438	9,953	(6,140)	-	16,320,116
-	-	-	-	-	-	-	-	(158,778)	-
<u>382,379</u>	<u>57,303</u>	<u>(46,223)</u>	<u>518,229</u>	<u>44,754</u>	<u>438</u>	<u>9,953</u>	<u>(6,140)</u>	<u>(158,778)</u>	<u>16,320,116</u>
<u>\$ 384,587</u>	<u>\$ 546,370</u>	<u>\$ 3,930,553</u>	<u>\$ 3,158,040</u>	<u>\$ 697,593</u>	<u>\$ 438</u>	<u>\$ 21,090</u>	<u>\$ -</u>	<u>\$ (2,848,491)</u>	<u>\$23,863,264</u>

YES HOUSING, INC.
CONSOLIDATING STATEMENTS OF ACTIVITIES
Year Ended June 30, 2011

	General Fund	Payroll	Development Services	Social Services	Enterprise Fund Grant	Solar Villas Brentwood Gardens Grant	Roswell Service Summit Service Coordinator Grant	Transitional Living
REVENUES AND OTHER SUPPORT								
Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,548
Contribution revenue	-	-	-	-	-	-	-	-
Grant revenue	-	-	78,750	21,250	-	65,914	36,033	-
Development fees	-	-	267,475	-	-	-	-	-
Interest	213,883	-	72	-	-	-	-	-
Net unrealized/realized gain (loss) on investments	737,863	-	-	-	-	-	-	-
Other revenue	277	-	1,950	59,468	-	-	-	-
Property management fees	-	-	-	-	-	-	-	-
Operating transfers, net	-	-	339,544	46,126	-	-	-	-
Total revenue and other support	952,023	-	687,791	126,844	-	65,914	36,033	58,548
PERSONNEL EXPENSES								
Salaries and wages	476,215	-	232,645	85,309	-	32,005	22,039	-
Payroll taxes	36,184	-	20,294	5,270	-	-	2,727	-
Employee benefits	179,912	-	68,647	25,434	-	22,654	-	-
Total personnel expenses	692,311	-	321,586	116,013	-	54,659	24,766	-
OTHER EXPENSES								
Depreciation and amortization	48,315	-	3,306	-	-	-	-	28,240
Donations expense	10,400	-	-	-	-	-	-	-
Duplication and publishing	3,895	-	229	-	-	-	-	-
Equipment	10,822	-	1,593	541	-	-	-	-
Insurance	21,489	-	8,216	208	-	-	-	2,887
Interest	8,000	-	109,984	-	-	-	-	-
Loss on disposal of assets	(3,500)	-	4,371	-	-	-	-	32
Other expenses	43,214	-	39,833	2,065	-	7,560	4,756	-
Predevelopment/development costs	-	-	6,720	-	-	-	-	-
Professional fees	128,464	-	2,384	-	-	-	-	535
Property management	-	-	-	-	-	-	-	-
Rent	27,710	-	16,239	5,016	-	-	-	-
Repairs and maintenance	13,685	-	5,920	-	-	-	-	16,373
Social services	-	-	1,715	3,107	-	-	-	-
Telephone and utilities	13,654	-	9,717	1,617	-	-	-	3,031
Training	5,525	-	-	-	-	2,017	2,964	-
Travel	697	-	14,362	548	-	1,678	2,254	-
Operating transfers, net	961,540	-	-	-	-	-	-	473
Total other expenses	1,293,910	-	224,589	13,102	-	11,255	9,974	51,571
Total expenses	1,986,221	-	546,175	129,115	-	65,914	34,740	51,571
CHANGE IN NET ASSETS	(1,034,198)	-	141,616	(2,271)	-	-	1,293	6,977
NET ASSETS, BEGINNING OF YEAR	14,773,984	-	588,620	(1,888)	-	-	(1,293)	382,379
NET ASSETS, END OF YEAR	\$ 13,739,786	\$ -	\$ 730,236	\$ (4,159)	\$ -	\$ -	\$ -	\$ 389,356

901 Pennsylvania	Solar Villas Apartments	Neighborhood Neighborhood				La Hacienda	Asset			Totals
		YES of Arizona	Stablization Program I	Stablization Program II	Management		La Promesa	Eliminations		
\$ 114,139	\$ 308,938	\$ -	\$ -	\$ -	\$ 624	\$ -	\$ 16,333	\$ -	\$ 498,582	
-	581,530	-	-	-	-	-	-	-	581,530	
-	660,571	-	-	758,963	-	-	-	-	1,621,481	
-	-	-	159,670	-	-	-	-	-	427,145	
-	31	119,584	-	-	71	-	-	-	333,641	
-	-	(97)	-	-	-	-	-	-	737,766	
-	8,475	-	-	-	-	282,312	-	(41,874)	310,608	
-	-	-	-	-	-	6,848	-	(6,848)	-	
-	-	-	-	3,616	-	-	814,297	(1,203,583)	-	
114,139	1,559,545	119,487	159,670	762,579	695	289,160	830,630	(1,252,305)	4,510,753	
-	81,638	-	40,597	49,915	1,275	122,648	-	-	1,144,286	
-	9,214	-	4,261	4,752	161	11,671	-	-	94,534	
-	4,784	-	15,704	19,150	-	38,701	-	-	374,986	
-	95,636	-	60,562	73,817	1,436	173,020	-	-	1,613,806	
20,345	141,131	-	-	-	11,704	-	19,126	-	272,167	
-	-	-	-	-	-	-	-	-	10,400	
-	-	-	-	-	66	72	-	-	4,262	
225	7,483	-	275	302	302	716	-	-	22,259	
2,028	9,621	-	127	122	6,672	323	1,082	-	52,775	
31,071	318,926	-	-	-	-	-	12,017	-	479,998	
-	46,224	-	-	-	-	-	-	-	47,127	
8,759	46,749	1,780	833	9,453	3,519	2,406	2,015	(35,874)	137,068	
-	-	-	-	-	-	-	-	-	6,720	
-	11,206	2,292	946	3,499	8,560	860	-	-	158,746	
6,848	33,764	-	-	-	2,200	-	-	(6,848)	35,964	
-	-	-	3,076	2,947	-	7,801	-	-	62,789	
4,565	61,179	-	78	-	-	3,965	-	-	105,765	
-	6,603	-	-	-	-	-	-	(6,000)	5,425	
17,381	136,509	26	1,000	994	92	3,523	-	-	187,544	
-	782	-	-	-	-	722	-	-	12,010	
-	44	3,123	80	1,369	57	565	-	-	24,777	
-	-	-	135,934	-	6,490	99,146	-	(1,203,583)	-	
91,222	820,221	7,221	142,349	18,686	39,662	120,099	34,240	(1,252,305)	1,625,796	
91,222	915,857	7,221	202,911	92,503	41,098	293,119	34,240	(1,252,305)	3,239,602	
22,917	643,688	112,266	(43,241)	670,076	(40,403)	(3,959)	796,390	-	1,271,151	
57,303	(46,223)	518,229	44,754	438	9,953	(6,140)	-	-	16,320,116	
\$ 80,220	\$ 597,465	\$ 630,495	\$ 1,513	\$ 670,514	\$ (30,450)	\$ (10,099)	\$ 796,390	\$ -	\$ 17,591,267	

YES HOUSING, INC.
CONSOLIDATING STATEMENTS OF ACTIVITIES (CONTINUED)
Year Ended June 30, 2010

	General Fund	Payroll	Development Services	Social Services	Enterprise Fund Grant	Roswell Service Summit Service Coordinator Grant	Transitional Living
REVENUES AND OTHER SUPPORT							
Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,809
Contribution revenue	-	-	-	-	-	-	-
Grant revenue	-	-	42,500	15,000	-	37,083	-
Development fees	327,982	-	-	-	-	-	-
Interest	244,185	-	327	-	-	-	-
Net unrealized/realized gain (loss) on investments	797,900	-	-	-	-	-	-
Other revenue	223,649	-	177	23,683	-	-	-
Construction management fees	37,500	-	-	-	-	-	-
Property management fees	6,730	-	-	-	-	-	-
Operating transfers, net	-	-	537,742	127,951	-	-	-
Total revenue and other support	1,637,946	-	580,746	166,634	-	37,083	69,809
PERSONNEL EXPENSES							
Salaries and wages	397,169	-	280,026	91,083	-	27,514	-
Payroll taxes	35,990	-	25,734	6,319	-	-	-
Employee benefits	147,331	-	79,757	25,506	-	3,130	-
Total personnel expenses	580,490	-	385,517	122,908	-	30,644	-
OTHER EXPENSES							
Depreciation and amortization	57,877	-	15,036	-	-	-	40,266
Donations expense	477,744	-	117,799	-	-	-	-
Duplication and publishing	2,874	-	189	20	-	-	-
Equipment	25,706	-	-	-	-	-	-
Insurance	23,650	-	8,625	-	-	-	2,371
Interest	8,333	-	130,790	-	-	-	-
Loss on disposal of assets	-	-	8,084	-	-	-	363
Other expenses	50,262	-	21,884	1,790	-	4,225	-
Predevelopment/development costs	-	-	50,918	-	-	-	-
Professional fees	164,859	-	5,607	-	-	-	-
Property management	-	-	-	-	-	-	-
Rent	61,789	-	-	-	-	-	-
Repairs and maintenance	16,581	-	2,891	-	-	-	9,158
Social services	-	-	-	42,178	-	-	-
Telephone and utilities	29,854	-	3,028	11	-	-	8,326
Training	21,457	-	-	-	-	257	-
Travel	2,678	-	5,424	1,204	-	1,434	-
Operating transfers, net	817,247	-	-	-	20,000	-	45,710
Total other expenses	1,760,911	-	370,275	45,203	20,000	5,916	106,194
Total expenses	2,341,401	-	755,792	168,111	20,000	36,560	106,194
CHANGE IN NET ASSETS	(703,455)	-	(175,046)	(1,477)	(20,000)	523	(36,385)
NET ASSETS, BEGINNING OF YEAR	15,477,439	-	763,666	(411)	20,000	(1,816)	418,764
NET ASSETS, END OF YEAR	\$ 14,773,984	\$ -	\$ 588,620	\$ (1,888)	\$ -	\$ (1,293)	\$ 382,379

901 Pennsylvania	Solar Villas Apartments	YES of Arizona	Neighborhood Stablization Program I	Neighborhood Stablization Program II	La Hacienda	Asset Management	Eliminations	Totals
\$ 112,163	\$ 304,701	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 486,673
-	-	591,863	-	-	-	-	(591,863)	-
-	519,717	-	-	-	-	-	-	614,300
-	-	-	172,934	-	-	-	-	500,916
-	112	100,982	-	-	-	-	-	345,606
-	-	(370)	-	-	-	-	-	797,530
-	64,928	-	-	-	-	-	(33,596)	278,841
-	-	-	-	-	-	-	-	37,500
-	-	-	-	-	-	-	(6,730)	-
-	-	-	36,282	9,156	10,027	161,799	(882,957)	-
112,163	889,458	692,475	209,216	9,156	10,027	161,799	(1,515,146)	3,061,366
-	78,597	-	116,008	-	-	119,024	-	1,109,421
-	8,454	-	10,598	-	-	10,851	-	97,946
-	4,918	-	36,070	-	-	38,064	-	334,776
-	91,969	-	162,676	-	-	167,939	-	1,542,143
19,735	131,103	-	-	-	-	-	-	264,017
-	-	-	-	3,000	-	-	(591,863)	6,680
-	-	44	-	-	13	-	-	3,140
-	6,634	-	258	-	-	-	-	32,598
1,970	8,767	-	-	-	-	-	-	45,383
32,321	322,807	-	-	-	-	-	-	494,251
-	1,020	-	-	-	-	-	-	9,467
9,449	43,004	1,941	1,208	5,718	61	-	(33,596)	105,946
-	-	-	-	-	-	-	-	50,918
-	10,051	7,408	53	-	-	-	-	187,978
6,730	33,305	-	-	-	-	-	(6,730)	33,305
-	-	-	-	-	-	-	-	61,789
4,790	42,371	-	89	-	-	-	-	75,880
-	927	-	-	-	-	-	-	43,105
16,976	128,483	55	28	-	-	-	-	186,761
-	779	-	-	-	-	-	-	22,493
-	60	8,414	150	-	-	-	-	19,364
-	-	-	-	-	-	-	(882,957)	-
91,971	729,311	17,862	1,786	8,718	74	-	(1,515,146)	1,643,075
91,971	821,280	17,862	164,462	8,718	74	167,939	(1,515,146)	3,185,218
20,192	68,178	674,613	44,754	438	9,953	(6,140)	-	(123,852)
37,111	(114,401)	(156,384)	-	-	-	-	-	16,443,968
\$ 57,303	\$ (46,223)	\$ 518,229	\$ 44,754	\$ 438	\$ 9,953	\$ (6,140)	\$ -	\$ 16,320,116

YES HOUSING, INC.
SUPPLEMENTAL INFORMATION - SOLAR VILLA APARTMENTS
Years Ended June 30, 2011 and 2010

**SOLAR VILLA APARTMENTS,
A PROGRAM OF YES HOUSING, INC.**

	2011	2010
ANNUAL CASH FLOW TEST		
INCOME		
Total revenues	\$ 853,015	\$ 831,295
Total operating expenses (excluding depreciation and amortization)	(407,872)	(364,510)
Required capital replacement reserve additions	(42,000)	(42,000)
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	\$ 403,143	\$ 424,785
DEBT SERVICE - SENIOR NOTES		
Interest expense	\$ 91,426	\$ 95,307
Note principal payments and accruals	58,749	53,333
TOTAL DEBT SERVICE - SENIOR NOTES	\$ 150,175	\$ 148,640
DEBT SERVICE RATIO - SENIOR NOTES	268%	286%
REPLACEMENT RESERVE ACCOUNT		
Account balance as of June 30,	\$ 33,436	\$ 65,149

Expenditures in the amount of \$106,509 and \$64,769 were made from the replacement reserve account during the years ended June 30, 2011 and 2010, respectively.

NOTES OUTSTANDING

	2011	2010
Principal balances outstanding as of June 30:		
Senior note	\$ 1,245,000	\$ 1,300,000
Subordinate note	\$ 2,600,000	\$ 2,600,000

Principal payments in the amount of \$55,000 and \$50,000 were made during the years ended June 30, 2011 and 2010, respectively, on the Senior note.

YES HOUSING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant/ Contract Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Housing Assistance Payment Programs - Special Allocation - Solar Villas	14.195	NM16-0002-002	\$ 535,571
Multifamily Housing Service Coordinator Program	14.191	NM02HS07001	36,033
Multifamily Housing Service Coordinator Program	14.191	NM02HS09001	65,914
ARRA Funds - Neighborhood Stabilization Program II	14.256	B-09-CN-AZ-0001	758,964
Home Investment Partnership Program (CHDO Grant)	14.239	10-01-YES-COP-001	<u>75,000</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u><u>\$ 1,471,482</u></u>
RECONCILIATION OF GRANTS REVENUE			
Federal grants			\$ 1,471,482
Other grants			<u>150,000</u>
TOTAL GRANTS REVENUE			<u><u>\$ 1,621,482</u></u>

NOTE - The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting.

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

To the Board of Directors of
YES Housing, Inc.
Albuquerque, New Mexico

We have audited the financial statements of YES Housing, Inc. (a not-for-profit organization) and its affiliates (YES) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered YES's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of YES's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the YES's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of YES's Board of Directors, management, and the Department of Housing and Urban Development and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Gunderson LLP

Albuquerque, New Mexico
November 2, 2011

**Independent Auditor's Report on Compliance with
Requirements that Could Have a Direct and Material Effect on
Each Major Program and on Internal Control over
Compliance in Accordance with OMB Circular A-133**

To the Board of Directors of
YES Housing, Inc.
Albuquerque, New Mexico

Compliance

We have audited the compliance of YES Housing, Inc. (a not-for-profit organization) and its affiliates (YES) with the types of compliance requirements described in the *US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. YES's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of YES's management. Our responsibility is to express an opinion on YES's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Not-For-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about YES's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on YES's compliance with those requirements.

In our opinion, YES complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of YES is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered YES's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of YES' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of YES's Board of Directors, management and the Department of Housing and Urban Development and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Gunderson LLP

Albuquerque, New Mexico
November 2, 2011

YES HOUSING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011

A - SUMMARY OF AUDITORS' RESULTS

1. The independent auditor's report expresses an unqualified opinion on the financial statements of YES Housing, Inc. (YES).
2. No significant deficiencies or material weaknesses were found during the audit of the financial statements as reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of YES were identified during the audit.
4. No instances of significant deficiencies or material weaknesses were identified during the audit of the major federal award program as reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The independent auditors' report on compliance for the major federal award programs for YES expresses an unqualified opinion.
6. The programs tested as major programs were:
 - U.S. Department of Housing and Urban Development:
Neighborhood Stabilization Program II - CFDA No. 14.256
7. The threshold for distinguishing Type A and B programs was \$300,000.
8. YES Housing, Inc. was determined to be a low-risk auditee.

YES HOUSING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011

B - FINDINGS - FINANCIAL STATEMENT AUDIT

None.

**C - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None.

YES HOUSING, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2011

B - FINDINGS - FINANCIAL STATEMENT AUDIT

None.

**C - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None.