Tenants' Development Corporation
and
Subsidiaries

Consolidated Financial Statements
and
Auditors' Report

December 31, 2010 with Comparative Totals for 2009

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Daniel Dennis & Company LLP

Certified Public Accountants

To the Board of Directors of
Tenants' Development Corporation

Independent Auditors' Report

We have audited the accompanying consolidated statement of financial position of Tenants' Development Corporation and Subsidiaries (collectively referred to as the Corporation) as of December 31, 2010, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Corporation's 2009 financial statements and, in our report dated July 30, 2010 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 the 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 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 Tenants' Development Corporation and Subsidiaries as of December 31, 2010, and the changes in their consolidated net assets and their consolidated cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Daniel Dennis & Company LLP

June 21, 2011

Tenants' Development Corporation and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2010 with Comparative Totals for 2009

	2010	*2009*
Assets		
Current Assets		
Cash and cash equivalents	$ 441,398	$ 561,102
Accounts receivable	35,761	60,686
Investments	1,990,735	1,544,830
Prepaid expenses	7,426	11,957
Total current assets	2,475,320	2,178,575
Property and Equipment		
Land	4,993,931	4,993,931
Building	11,152,597	11,095,117
Improvements in progress	62,203	-
Vehicles	84,347	84,347
Office furniture and equipment	55,629	55,629
Less: accumulated depreciation	(2,160,706)	(1,835,614)
Net property and equipment	14,188,001	14,393,410
Other Assets		
Restricted deposits and reserves	974,821	908,865
Ground lease rent receivable	5,964,267	4,887,429
Notes receivable from affiliates, net of reserve	7,978,216	7,978,216
Advances to affiliates, net of reserve	334,549	424,140
Total other assets	15,251,853	14,198,650
Total assets	$ 31,915,174	$ 30,770,635
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 46,655	$ 102,654
Prepaid rents	11,639	20,086
Notes payable - current portion	44,811	13,104
Total current liabilities	103,105	135,844
Other Liabilities		
Security deposits	98,417	93,667
Investment in limited partnerships	1,118	709
Total other liabilities	99,535	94,376
Long-Term Debt		
Notes payable	8,725,660	8,765,128
Accrued interest payable	3,490,446	3,308,880
Total long-term debt	12,216,106	12,074,008
Total liabilities	12,418,746	12,304,228
Unrestricted Net Assets	19,496,428	18,466,407
Total liabilities and net assets	$ 31,915,174	$ 30,770,635

See accompanying notes to consolidated financial statements.

Tenants' Development Corporation and Subsidiaries
Consolidated Statement of Activities
For the Year Ended December 31, 2010 with Comparative Totals for 2009

Change in Unrestricted Net Assets	*2010*	*2009*
Revenue		
Management fee	$ 317,256	$ 296,122
Rental income	2,366,519	2,255,798
Interest and dividend income	508,383	497,097
Unrealized (loss) gain on investments	210,642	(431,234)
Interest on partnership loans and leases	505,416	480,716
Other income	9,118	7,345
Partnership loss	(409)	(108)
Total revenue	3,916,926	3,105,736
Expenses		
Affordable Housing	2,779,885	2,400,460
Management and general	107,020	42,630
Total expenses	2,886,905	2,443,090
Change in net assets	1,030,021	662,646
Net assets, beginning of year	18,466,407	17,803,761
Net assets, end of year	$19,496,428	$18,466,407

See accompanying notes to consolidated financial statements.

Tenants' Development Corporation and Subsidiaries
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2010 with Summarized Comparative Totals for 2009

Description	*Affordable Housing*	*Management and General*	*2010 Total*	*2009 Total*
Salaries and related expenses	$ 258,015	$ 13,580	$ 271,595	$ 238,077
Professional fees	124,167	90,604	214,771	115,596
Office expense	9,999	526	10,525	17,049
Insurance	19,486	1,026	20,512	3,782
Depreciation	324,559	534	325,093	318,193
Taxes	2,143	500	2,643	25,556
Other	288,114	250	288,364	57,272
Bad debt	531,632	-	531,632	480,716
Limited partnership expenses	1,221,770	-	1,221,770	1,186,849
Total	$ 2,779,885	$ 107,020	$ 2,886,905	$2,443,090

See accompanying notes to consolidated financial statements.

Tenants' Development Corporation and Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2010 with Comparative Totals for 2009

	2010	*2009*
Cash Flows from Operating Activities		
Change in net assets	$ 1,030,021	$ 662,646
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Partnership loss	409	108
Depreciation	325,091	318,193
Unrealized (gain) loss on investments	(210,642)	431,234
Bad debt	531,632	480,716
Accrued interest on loans and advances to affiliates	(505,416)	(480,716)
(Increase)/ decrease in operating assets:		
Accounts receivable	24,925	(36,464)
Prepaid expenses	4,531	(3,007)
Ground lease rent receivable	(1,076,838)	(996,095)
Increase/ (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(55,999)	(28,280)
Security deposits	4,750	7,503
Prepaid rents	(8,447)	10,809
Accrued interest payable	181,566	214,134
Net cash provided by operating activities	245,582	580,782
Cash Flows from Investing Activities		
Property and equipment purchases	(119,682)	(435,819)
Repayment of (advances to) loans from affiliates	63,376	(21,758)
(Deposits to) transfers from reserves	(65,956)	88,058
Investment purchases	(235,263)	(80,403)
Net cash used in investing activities	(357,525)	(449,921)
Cash Flows from Financing Activities		
Principal repayments	(7,761)	(7,321)
Net cash used in financing activities	(7,761)	(7,321)
Net (decrease) increase in cash and cash equivalents	(119,704)	123,540
Cash and cash equivalents at beginning of year	561,102	437,562
Cash and cash equivalents at end of year	$ 441,398	$ 561,102
Supplemental Disclosure:		
Cash paid for interest	$ 403,924	$ 256,740
Cash paid for income taxes	$ 5,971	$ 18,079

See accompanying notes to consolidated financial statements.

1. *Summary of Significant Accounting Policies*

Nature of Activities

Tenants' Development Corporation (TDC) is located in the South End of Boston, Massachusetts. Its purpose is the promotion, maintenance and management of housing in the South End of Boston, Massachusetts, to low and moderate-income families of every race, religion, and nationality. Primarily management fees, rental income and interest on loans generated from the management of and agreements with affiliated affordable housing developments fund TDC's operations. The promotion, maintenance and management of housing comprise all of the program services of TDC.

TDC Management, Inc., TDC III Management, Inc., TDC East Berkeley Street Management, Inc., Tenants' Development I Corporation, Tenants' Development II Corporation, and Tenants' Development III Corporation are wholly-owned for profit subsidiaries of TDC. The principal activity of the corporations is to perform the general partner duties of limited partnerships that provide housing to low and moderate-income people. The limited partnerships are Tenants' Development I (TD I), Tenants' Development II (TD II), and Tenants' Development III (TD III) Limited Partnerships.

TD III Limited Partnership is a Massachusetts limited partnership that was formed on September 2, 2004 to acquire and manage units of low and moderate-income rental housing (the Project) in the South End section of Boston. TD III Limited Partnership is 1% owned by Tenants Development III Corporation and 99% by TDC. TD III Limited Partnership's operations are subject to the terms of a regulatory agreement with MassHousing.

TDC and its wholly-owned subsidiaries are hereafter collectively referred to as the Corporation.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of TDC and its wholly-owned subsidiaries and TD III Limited Partnership. All significant intercompany transactions and account balances have been eliminated in the consolidation.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash Equivalents

For purposes of the consolidated statement of cash flows, the Corporation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

1. *Summary of Significant Accounting Policies* – *Continued*

Contributions

Contributions are recognized when the donor makes a promise to give to TDC that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Property and Equipment

Property and equipment acquisitions are recorded at cost, if purchased, or fair market value, if donated. Donated assets are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is computed on the straight-line basis using estimated useful lives. Depreciation expense for the years ended December 31, 2010 and 2009 was $325,093 and $318,193, respectively.

The Corporation reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. There was no impairment loss recognized in 2010 or 2009.

Receivables and Advances to Affiliates

Receivables and advances to affiliates are presented net of an allowance for doubtful accounts. The Corporation's periodic evaluation of the adequacy of the allowance is based on its past experience and estimates of future collectibility. Receivables and advances to affiliates are charged off when deemed uncollectible. During 2010 and 2009, TDC wrote off interest income due on loans and advances to affiliated limited partnerships in the amounts of $531,632 and $480,716, respectively. At December 31, 2010 and 2009, the Corporation had an allowance of $2,608,894 and $2,103,478, respectively, for receivables and advances to affiliates that were deemed to be uncollectible.

Planned Major Maintenance Activities

The Corporation uses the direct expensing method to account for planned major maintenance activities.

1. ***Summary of Significant Accounting Policies*** *– Continued*

Income Tax Status

TDC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from state income taxes under Chapter 180 of the Massachusetts General Laws. Unrelated business income, of which there was none for 2010 and 2009, would be subject to federal and state income taxes. Consequently, the accompanying consolidated financial statements do not reflect any provision for income taxes.

TD III Limited Partnership is not a taxable entity for income tax purposes. Items of income, deductions and credits "pass through" to the partners of the limited partnership.

TDC Management, Inc., TDC III Management, Inc., TDC East Berkeley Street Management, Inc., Tenants' Development I Corporation, Tenants' Development II Corporation, and Tenants' Development III Corporation are taxable entities. Any provision for income taxes is included in the consolidated financial statements.

The Corporation evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are *more-likely-than-not* of being sustained by the applicable federal or state authority. The Corporation has evaluated the tax positions taken in its previously filed returns and those expected to be taken in its 2010 returns and believe they are more-likely-than-not of being sustained if examined by federal or state tax authorities. The Corporation's 2002 through 2009 tax years remain subject to examination by federal and state tax authorities.

Revenue Recognition

Development and management fees are recorded as revenue in accordance with the underlying partnership and management agreements and as services are provided.

Rental income is derived from commercial and residential rents and is recognized as earned in accordance with the underlying leases. All leases between the Corporation and its tenants are operating leases.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1. *Summary of Significant Accounting Policies* – Continued

Fair Value Measurement

The Financial Accounting Standards Board (FASB) has established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), second highest to quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets in inactive markets; or inputs other than quoted prices that are observable, such as models or other valuation methodologies (Level 2 measurements), and the lowest priority to unobservable inputs (Level 3 measurements).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments in Marketable Securities

The Corporation carries investments in marketable securities with readily determinable values at their fair values in the consolidated statement of financial position. Realized and unrealized gains and losses are reflected in the consolidated statement of activities. Investment income and gains and losses on investments are recorded as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

Investments in Unconsolidated Limited Partnerships

Investments in TD I and TD II limited partnerships are carried at equity, adjusted for the Corporation's proportionate share of earnings or losses. If the Corporation (a) is not committed to provide further financial support to the partnerships, (b) has already reduced its investment in and advances to the partnerships to zero, and (c) has no other investments (i.e. loans, leases, etc.) in the partnerships, the Corporation does not continue to record its share of the partnerships' losses.

Functional Allocation of Expenses

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

1. ***Summary of Significant Accounting Policies*** – *Continued*

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's consolidated financial statements for 2009, from which the summarized information was derived.

2. ***Investments***

At December 31, 2010 and 2009 investments consisted of the following:

Investments in Marketable Securities

Description	*2010*	*2009*
Money market	$ 84,387	$ -
Closed end funds	226	197
Government funds	168,071	160,477
Mutual funds	19,024	17,338
Certificate of deposit	227,840	77,180
Interest rate swap agreement	1,491,187	1,289,638
Total	$ 1,990,735	$ 1,544,830

Investments in Limited Partnerships	*2010*	*2009*
TD I Limited Partnership	$ (245)	$ (150)
TD II Limited Partnership	(873)	(559)
Total	$ (1,118)	$ (709)

The Corporation is obligated to fund certain deficits as defined in the partnership agreements. Therefore, its share of losses will be recorded up to the amount obligated.

2. *Investments - Continued*

The following is summary of the Corporation's investments in marketable securities measured at fair value on a recurring basis:

	December 31, 2010			
Description	*Level 1*	*Level 2*	*Level 3*	*Total*
Money market	$ 84,387	$ -	$ -	$ 84,387
Closed end funds	-	226	-	226
Government bonds (a)	-	168,071	-	168,071
Mutual funds	19,024	-	-	19,024
Certificate of deposit	227,840	-	-	227,840
Interest rate swap agreement (a)	-	1,491,187	-	1,491,187
Total	$ 331,251	$ 1,659,484	$ -	$1,990,735

	December 31, 2009			
Description	*Level 1*	*Level 2*	*Level 3*	*Total*
Money market	$ -	$ -	$ -	$ -
Closed end funds	-	197	-	197
Government bonds (a)	-	160,477	-	160,477
Mutual funds	17,338	-	-	17,338
Certificate of deposit	77,180	-	-	77,180
Interest rate swap agreement (a)	-	1,289,638	-	1,289,638
Total	$ 94,518	$ 1,450,312	$ -	$1,544,830

(a) The fair values of the government bonds and the interest rate swap agreement were determined using the income approach. The income approach to fair value measurement estimates the fair value by calculating the present value of future cash flows that the asset is expected to generate over its lifetime. The cash flows are discounted to the measurement date at rate of return that is required to compensate with the risk associated with receipt of the future cash flows. There was no change in the valuation technique during 2010.

Total gains and losses (realized and unrealized) included in unrestricted net assets for years ended December 31, 2010 and 2009 were $210,642 and ($431,234), respectively.

3. *Interest Rate Swap Agreement*

In connection with the TD I Limited Partnership housing development, Tenants' Development I Corporation is a party to an interest rate swap agreement, whereby it exchanges periodic interest payments with Centerline Capital Group (Centerline). Tenants' Development I Corporation makes monthly interest payments at a floating rate based on a notional amount of $12,642,000 to Centerline and receives interest payments from Centerline at a fixed rate of 6.10%. For the year ended December 31, 2010 and 2009, net interest payments received under the interest rate swap agreement totaled $504,838 and $484,387, respectively. The interest rate swap agreement expires in August 2023.

4. *Pension*

TDC contributes to a retirement plan for its employees. All full time employees are eligible to participate in the plan. TDC's contribution is discretionary and is determined annually. No contributions were approved in 2010 or 2009.

5. *Lease Obligation*

TDC leases office space under a five-year noncancelable operating lease expiring in December 2014. There is an option to renew the lease for an additional two years at increased monthly rents.

Future minimum payments under the lease are as follows:

Year	*Amount*
2011	$ 85,100
2012	87,600
2013	90,100
2014	92,600
Total	$ 355,400

6. *Income Taxes*

The subsidiary corporations have net operating loss carry forwards of approximately $1,127,355 and $1,146,677, respectively, at December 31, 2010 and 2009 that may be offset against future taxable income. No tax benefit has been reported in the consolidated financial statements; however, because the Corporation believes that the loss carry forwards will expire unused. Accordingly, the tax benefit of the loss carry forward has been offset by a valuation allowance of the same amount.

Tenants' Development Corporation and Subsidiaries
Notes to Consolidated Financial Statements - *Continued*
December 31, 2010 and 2009

7. *Related Party Transactions*

Note Receivable

	2010	*2009*
Note receivable from TD I Limited Partnership with interest at a rate of 5.21% compounded annually. The note is unsecured and matures on August 1, 2048. Periodic payments are required only to the extent of available cash flow as defined in the partnership agreement. All principal and accrued interest is due and payable on the maturity date. Interest receivable was $421,968 and $314,868, respectively, at December 31, 2010 and 2009.	$ 1,740,799	$ 1,740,799
Note receivable from TD II Limited Partnership with interest at a rate of 6% compounded annually. The note is unsecured and matures on August 19, 2046. All principal and accrued interest is due and payable on the maturity date. During 2009, TD II limited Partnership made a $150,000 principal payment. Interest receivable was $541,276 and $405,921, respectively, at December 31, 2010 and 2009.	1,850,000	1,850,000
Development fee receivable from TD I Limited Partnership for management services performed. The development fee will be paid out of Development Surplus, as defined in the partnership agreement. To the extent that funds are not available to make the payments, the balance will be deferred and will bear interest, compounded annually, payable on the 13th anniversary of the project completion date as defined in the partnership agreement.	1,387,417	1,387,417
Note receivable from TD II Limited Partnership with interest at a rate of 6% compounded annually. The note matures on June 20, 2043. All principal and accrued interest is due and payable on the maturity date. The note is secured by a mortgage and security agreement on the real estate owned by the limited partnership. Interest receivable was $1,645,650 and $1,382,689, respectively, at December 31, 2010 and 2009.	3,000,000	3,000,000
Total notes receivable	$ 7,978,216	$ 7,978,216

7. *Related Party Transactions - Continued*

Notes Receivable – Continued

Due to the substantial uncertainty about the ability of the partnerships to repay the interest, as well as uncertainty as to the market value of the secured properties, TDC has established a reserve for uncollectible interest account. These notes receivable are presented net of the reserve account totaling $2,608,894 and $2,103,478, respectively, at December 31, 2010 and 2009, in the consolidated financial statements. In the event that the partnerships have sufficient cash flow to pay their obligations, including interest, at the dates of maturity, TDC will recognize the income at that time.

Partnership Fees

TDC is entitled to a non-cumulative resident services fee of $75,000 (adjusted annually for the Consumer Price Index (CPI)) from TD II Limited Partnership, payable from cash flow. As of December 31, 2010 and 2009, no fees were accrued or due.

Tenants Development II Corporation is entitled to a non-cumulative partnership management fee from TD II Limited Partnership in the amount of $11,210 (adjusted annually for the CPI) and a non-cumulative incentive supervisory fee of $10,000. The fees are payable from cash flow. As of December 31, 2010 and 2009, there were no fees accrued or due.

Tenants Development I Corporation is entitle to a non-cumulative general partner supervisory management fee beginning on the seventh annual anniversary of Completion as defined in the partnership agreement equal to 9.9% of remaining cash flow as also defined in the partnership agreement. No general partner supervisory management fee was earned for 2010 or 2009.

Management Fees

TDC provides management services to TD I and TD II Limited Partnerships. Property management fees of $317,257 and $288,167, respectively, were earned in 2010 and 2009.

Operating Costs

TDC is reimbursed for payroll, accounting and operating and maintenance costs directly related to the partnerships.

7. ***Related Party Transactions** - Continued*

Ground Leases

During 2003, TDC entered into a 50-year ground lease agreement with TD II Limited Partnership. The lease required an initial annual base rent in the amount of $562,000 for the first year with a 3% increase for each of the remaining years. Any outstanding payments due to lack of operating cash flow bears interest at 8% per annum. $5,638,017 and $4,646,749, respectively, was due from TD II Limited Partnership at December 31, 2010 and 2009. During 2010 and 2009, TDC earned income of $991,268 and $917,901, respectively.

Lease payments due to TDC under the TD II Limited Partnership lease for each of the next five years are as follows:

Year	*Amount*
2011	$ 711,925
2012	$ 733,283
2013	$ 755,281
2014	$ 777,939
2015	$ 801,277

During 2006, TDC entered into a 75-year ground lease agreement with TD I Limited Partnership. The lease requires an initial annual base rent in the amount of $61,792 for the first year with a 3% increase for each of the remaining years. Any outstanding payments due to lack of operating cash flow bears interest at 8% per annum. $326,250 and $240,680, respectively, was due from TD I Limited Partnership at December 31, 2010 and 2009. During 2010 and 2009, TDC earned income of $85,570 and $78,194, respectively.

Lease payments due to TDC under the TD I Limited Partnership lease for each of the next five years are as follows:

Year	*Amount*
2011	$ 71,634
2012	$ 73,783
2013	$ 75,996
2014	$ 78,276
2015	$ 80,625

7. *Related Party Transactions - Continued*

Summary of Income/ Accounts Receivable

Income recognized and amounts receivable, excluding loans and related interest, as of December 31, 2010 from the affiliated partnerships with summarized comparative totals for 2009 are as follows:

	TD I Limited Partnership	*TD II Limited Partnership*	*2010 Total*	*2009 Total*
Management fee income	$ 120,813	$ 196,444	$ 317,257	$ 288,167
Management services receivable	$ 27,158	$ -	$ 27,158	$ 32,684
Rental income	$ 85,570	$ 991,268	$ 1,076,838	$ 996,095
Rents receivable	$ 326,250	$ 5,638,017	$ 5,964,267	$ 4,887,429
Advances due from affiliates for operations, net of reserves	$ 39,122	$ 295,427	$ 334,549	$ 424,140

Accounts and notes receivable from affiliated partnerships represented 45% and 41% of the Corporation's total assets at December 31, 2010 and 2009.

Board Compensation

Members of TDC's board of directors are compensated for attending board meetings. During 2010 and 2009, payments to board members totaled $13,275 and $13,875, respectively.

8. *Restricted Deposits and Reserves*

Restricted deposits and reserves at December 31, 2010 and 2009, consisted entirely of TD III Limited Partnership's assets and are restricted for the following:

Description	*2010*	*2009*
Reserve for replacement	$ 804,662	$ 762,270
Insurance and tax escrow	43,764	44,859
Restructuring fee escrow	2,521	2,513
Tenant security deposits	123,874	99,223
Total	$ 974,821	$ 908,865

9. Notes Payable

At December 31, 2010 and 2009, notes payable consisted of the following:

	2010	*2009*
Permanent financing is being provided to TD III Limited Partnership by MassHousing in the form of a thirty (30) year $4,504,882 mortgage note, secured by real estate. The mortgage note bears interest at 7.35% compounded monthly and matures on October 1, 2033. Minimum annual and minimum monthly payments are due based on Net Operating Income Targets outlined in the mortgage agreement plus required escrow deposits. Replacement reserve deposits of $17,000 per month are due until December 31, 2010, and $2,500 per month beginning January 1, 2011 or such greater amount from operating income as may be requested by MassHousing. Insurance and tax escrow deposits of $2,016 and $6,400, respectively, are also due monthly. At December 31, 2010 and 2009, the accrued interest was $45,429 and $117,970. Interest expense for the years ended December 31, 2010 and 2009 was $256,300 and $256,740, respectively.	$4,406,827	$4,414,588
TD III Limited Partnership is indebted to MassHousing on a SHARP subsidy loan, which it assumed from TDC III Limited Partnership, the previous owner of the affordable housing project. Financing is provided at the following rates:		

Principal Rate	Interest
$2,500,000	5%
$1,467,644	9%

9. *Notes Payable – Continued*

	2010	*2009*
Principal and interest on this note shall be payable on the first to occur of the following dates or events: 1. On July 1, 2018, 2. Any default or breach of the terms and provisions of the Mortgage Loan Note, 3. The sale transfer, disposition, assignment or refinancing of TD III Limited Partnership, or the conveyance, assignment, transfer, surrender or relinquishment of any general partnership interest or twenty-five percent of the limited partnership interests to any limited partner or partners or any right to manage or receive the rents and profits of the Project, except with MassHousing's prior written consent. In the event this note becomes due and payable on or about the time of the termination date of the Mortgage Loan Note and the Project's assets are insufficient to meet all obligations under both the Mortgage Loan Note and this note then principal and interest under the Mortgage Loan Note shall be paid first and the remaining assets shall then be applied to the repayment of this note. At December 31, 2010 and 2009, the accrued interest was \$3,344,030 and \$3,094,723, respectively. Interest expense for 2010 and 2009 was \$324,389 and \$332,631, respectively.	3,967,644	3,967,644
TD III Limited Partnership is indebted to Boston Redevelopment Authority for \$96,000. Principal from the loan will be due upon any future sale, refinancing or re-syndication. Interest on the loan shall accrue at 5% per annum. At December 31, 2010 and 2009 the accrued interest was \$100,987 and \$96,187, respectively. Interest expense for 2010 and 2009 was \$4,800.	96,000	96,000
TD III Limited Partnership is also indebted to Neighborhood Housing Trust on a \$300,000 promissory note with no interest. The note matures on July 1, 2034.	300,000	300,000
Total mortgages and notes payable	8,770,471	8,778,232
Less – current portion	44,811	13,104
Mortgages and notes payable - long-term	\$8,725,660	\$8,765,128

9. Notes Payable - Continued

Annual maturities of debt for each of the next five years are as follows:

Year	*Amount*
2011	$ 44,811
2012	$ 47,330
2013	$ 51,917
2014	$ 55,290

10. Compensated Absences

Employees are entitled to paid vacation and sick days, depending on job classification, length of service, and other factors. However, it is impracticable to estimate the amount of compensation for absences. Accordingly, no liability has been recorded in the consolidated financial statements.

11. Contingency

The Corporation is jointly and severally liable for its affiliated limited partnerships' obligations. Significant portions of the liabilities are secured by real estate owned by the limited partnerships. At December 30, 2010 and 2009, the Corporation's share of the limited partnerships' recourse liability was approximately $20,116,441 and $16,646,434, respectively.

12. Guarantees

TDC, Tenants Development I Corporation, and Tenants Development II Corporation have made various guarantees to make operating deficits loans up to $700,000, make replacement reserves loans up to $20.83 per apartment per unit, and pay development deficits and expenses up to $3,530,000, to TD I and TD II Limited Partnerships, if necessary, in accordance with the partnership agreements. Additionally, in the event of a "Tax Credit Recapture Event", TDC, Tenants Development I Corporation and Tenants Development II Corporation will reimburse the limited partners for certain amounts, as outlined in the partnership agreements. At December 31, 2010 and 2009, and through the date the financial statements were available to be issued, no payments were required to be made.

12. Concentrations

Market Concentration

TD III Limited Partnership's and the affiliated partnerships' sole asset is an affordable housing project. Their operations are concentrated in the multifamily real estate market in Boston, Massachusetts. In addition, they operate in a heavily regulated environment. Their operations are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD and MassHousing. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD or MassHousing. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Credit Risk

TDC receives the majority of its income from affiliated limited partnerships. TDC had total net receivables of $14,304,190 and $13,322,469, respectively, from these partnerships at December 31, 2010 and 2009.

Investment Risk

The Corporation's investments are not insured. The Corporation has not experienced any losses in the accounts due to institutional insolvency. It is the opinion of management that the solvency of the institutions is not of particular concern at this time. The Corporation's investments are subject to market fluctuations. Due to the level of risk associated with investments, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the financial statements

13. Subsequent Events

The Corporation has evaluated subsequent events through June 21, 2011, which is the date the financial statements were available to be issued.