

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**

**Financial Statements  
JUNE 30, 2010  
(With Comparative Totals for 2009)**



**SANDBERG & CREEDEN, P.C.**

*Certified Public Accountants*

*331 Page Street*

*Stoughton, MA 02072*

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**

FINANCIAL STATEMENTS  
JUNE 30, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

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To the Board of Directors of  
Habitat for Humanity Greater Boston, Inc.  
Boston, Massachusetts

Independent Auditors' Report

We have audited the accompanying statement of financial position of Habitat for Humanity Greater Boston, Inc. as of June 30, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

  
SANDBERG & CREEDEN, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
April 7, 2010

**HABITAT FOR HUMANITY GREATER BOSTON, INC.**

STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

| <u>ASSETS</u>  | 2010                | 2009                |
|--|---------------------|---------------------|
| <b><u>Current Assets</u></b>                           |                     |                     |
| Cash and cash equivalents                              | \$ 529,744          | \$ 422,700          |
| Pledges receivable                                     | 296,500             | 355,120             |
| Prepaid expenses and other current assets              | 48,652              | 82,399              |
| Current portion of note receivable                     | 3,366               | 3,343               |
| Current portion of mortgage and notes receivable       | 274,762             | 239,802             |
| Total current assets                                   | 1,153,024           | 1,103,364           |
| <b><u>Property and Equipment</u></b>                   |                     |                     |
| Office equipment                                       | 26,742              | 26,742              |
| Furniture and equipment                                | 18,570              | 18,570              |
| Subtotal   | 45,312              | 45,312              |
| Less: accumulated depreciation                         | 30,235              | 26,598              |
| Total property and equipment                           | 15,077              | 18,714              |
| <b><u>Other Assets</u></b>                             |                     |                     |
| Long term pledges receivable – net of discount         | 51,872              | 73,577              |
| Note receivable – net of current portion               | 170,558             | 173,924             |
| Mortgage and notes receivable - net of current portion | 4,503,918           | 4,188,771           |
| Housing-land and construction in progress              | 2,986,210           | 3,244,357           |
| Security deposit                                       | 10,628              | 10,628              |
| Other deposit  | 18,600              | 18,600              |
| Total other assets                                     | 7,723,186           | 7,709,857           |
| <b><u>Total Assets</u></b>                             | <b>\$ 8,891,287</b> | <b>\$ 8,831,935</b> |
| <b><u>LIABILITIES AND NET ASSETS</u></b>               |                     |                     |
| <b><u>Current Liabilities</u></b>                      |                     |                     |
| Accrued expenses and accounts payable                  | \$ 87,267           | \$ 448,221          |
| Down payment deposits                                  | 5,176               | 3,650               |
| Notes payable - current portion                        | 67,116              | 277,176             |
| Total current liabilities                              | 159,559             | 729,047             |
| <b><u>Long-Term Liabilities</u></b>                    |                     |                     |
| Notes payable - net of current portion                 | 1,055,223           | 187,612             |
| Total long-term liabilities                            | 1,055,223           | 187,612             |
| <b><u>Net Assets</u></b>                               |                     |                     |
| Unrestricted   | 7,328,133           | 7,496,579           |
| Temporarily restricted                                 | 348,372             | 418,697             |
| Total net assets                                       | 7,676,505           | 7,915,276           |
| <b><u>Total Liabilities and Net Assets</u></b>         | <b>\$ 8,891,287</b> | <b>\$ 8,831,935</b> |

See accompanying notes and Independent Auditors' Report.



**HABITAT FOR HUMANITY GREATER BOSTON, INC.**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

|  | 2010                       |                          |                            | 2009                       |
|--|----------------------------|--------------------------|----------------------------|----------------------------|
|  | Unrestricted               | Restricted               | Temporarily<br>Total       | Total                      |
| <b><u>Support and Revenue</u></b>            |                            |                          |                            |                            |
| Contributions and grants                     | \$ 708,266                 | \$ 325,916               | \$ 1,034,182               | \$ 1,498,750               |
| Inkind contributions                         | 292,614                    |                          | 292,614                    | 532,161                    |
| Special events                               | 12,709                     |                          | 12,709                     | 161,607                    |
| Released from restriction                    | 396,241                    | (396,241)                |                            |                            |
| Interest/dividend income                     | 3,031                      |                          | 3,031                      | 6,798                      |
| Realized gain (loss) on investments          | (298)                      |                          | (298)                      | 304                        |
| Sale of property                             | 725,000                    |                          | 725,000                    | 1,019,628                  |
| Rental income                                |                            |                          |                            | 3,005                      |
| Other income                                 | <u>97,558</u>              |                          | <u>97,558</u>              | <u>19,462</u>              |
| <b><u>Total Support and Revenue</u></b>      | <b>2,235,121</b>           | <b>(70,325)</b>          | <b>2,164,796</b>           | <b>3,241,715</b>           |
| <b><u>Expenses</u></b>                       |                            |                          |                            |                            |
| Program services                             |                            |                          |                            |                            |
| Family services expenses                     | 183,576                    |                          | 183,576                    | 203,735                    |
| Pre/post conveyance expenses                 | <u>1,726,582</u>           |                          | <u>1,726,582</u>           | <u>2,780,510</u>           |
| Total program services                       | 1,910,158                  |                          | 1,910,158                  | 2,984,245                  |
| General and administrative                   | 320,498                    |                          | 320,498                    | 235,977                    |
| Fundraising                                  | <u>172,911</u>             |                          | <u>172,911</u>             | <u>210,883</u>             |
| <b><u>Total Expenses</u></b>                 | <b><u>2,403,567</u></b>    |                          | <b><u>2,403,567</u></b>    | <b><u>3,431,105</u></b>    |
| <b><u>Change in Net Assets</u></b>           | <b>(168,446)</b>           | <b>(70,325)</b>          | <b>(238,771)</b>           | <b>(189,390)</b>           |
| <b><u>Net Assets - Beginning of Year</u></b> | <b><u>7,496,579</u></b>    | <b><u>418,697</u></b>    | <b><u>7,915,276</u></b>    | <b><u>8,104,666</u></b>    |
| <b><u>Net Assets - End of Year</u></b>       | <b><u>\$ 7,328,133</u></b> | <b><u>\$ 348,372</u></b> | <b><u>\$ 7,676,505</u></b> | <b><u>\$ 7,915,276</u></b> |

See accompanying notes and Independent Auditors' Report.





**HABITAT FOR HUMANITY BOSTON, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
 (With Comparative Totals for 2009)

|                              | 2010                     |                              |                        |                                     | 2009                 |                     |
|------------------------------|--------------------------|------------------------------|------------------------|-------------------------------------|----------------------|---------------------|
|                              | Family Services Expenses | Pre/Post Conveyance Expenses | Total Program Expenses | General and Administrative Expenses | Fundraising Expenses | Total               |
| Salaries                     | \$ 105,916               | \$ 247,503                   | \$ 353,419             | \$ 63,156                           | \$ 69,035            | \$ 485,610          |
| Payroll Tax                  | 11,005                   | 25,586                       | 36,591                 | 6,391                               | 7,116                | 50,098              |
| Benefits                     | 7,804                    | 22,423                       | 30,227                 | 3,253                               | 10,879               | 44,359              |
| Salaries and related expense | <u>124,725</u>           | <u>295,512</u>               | <u>420,237</u>         | <u>72,800</u>                       | <u>87,030</u>        | <u>580,067</u>      |
| Advertising                  | 60                       | 120                          | 180                    |                                     |                      | 180                 |
| Applicant costs              | 4,372                    | 12,384                       | 16,756                 |                                     |                      | 16,756              |
| Bank Charges                 | 2,043                    |                              | 2,043                  | 1,431                               | 362                  | 3,836               |
| Bonds & permits              |                          |                              |                        |                                     |                      |                     |
| Consultants                  | 6,936                    | 17,141                       | 24,077                 | 206,500                             | 16,427               | 247,004             |
| Cost of homes sold           |                          | 1,074,850                    | 1,074,850              |                                     |                      | 1,074,850           |
| Depreciation                 | 1,018                    | 1,091                        | 2,109                  | 437                                 | 1,091                | 3,637               |
| Dues, fees and subscriptions |                          | 150                          | 150                    | 250                                 |                      | 400                 |
| Equipment small tools        | 74                       |                              | 74                     |                                     |                      | 74                  |
| Equipment rental             |                          | 7,913                        | 7,913                  |                                     |                      | 7,913               |
| Imputed interest             |                          | 113,171                      | 113,171                |                                     |                      | 113,171             |
| Insurance                    | 1,841                    | 35,012                       | 36,853                 | 5,458                               | 1,228                | 43,539              |
| Interest                     |                          | 9,812                        | 9,812                  |                                     |                      | 9,812               |
| Miscellaneous                | 352                      | 837                          | 1,189                  | 1,398                               | 775                  | 3,362               |
| Office supplies              | 3,777                    | 3,382                        | 7,159                  | 1,500                               | 1,787                | 10,446              |
| Payroll services             | 539                      | 1,395                        | 1,934                  | 316                                 | 368                  | 2,618               |
| Postage                      | 4,261                    | 3,186                        | 7,447                  | 1,174                               | 11,546               | 20,167              |
| Printing                     | 753                      | 637                          | 1,390                  | 2,796                               | 30,506               | 34,692              |
| Professional fees            |                          |                              |                        | 13,190                              |                      | 13,190              |
| Real estate taxes            |                          | 5,674                        | 5,674                  |                                     |                      | 5,674               |
| Rent                         | 26,003                   | 26,310                       | 52,313                 | 6,976                               | 12,050               | 71,339              |
| Repairs and maintenance      |                          | 8,987                        | 8,987                  |                                     |                      | 8,987               |
| Security                     |                          | 30,028                       | 30,028                 |                                     |                      | 30,028              |
| Site cleaning and disposal   |                          | 14,890                       | 14,890                 |                                     |                      | 14,890              |
| Special events               |                          |                              |                        |                                     | 5,582                | 5,582               |
| Staff training               |                          |                              |                        |                                     |                      |                     |
| Supplies                     |                          | 3,832                        | 3,832                  |                                     |                      | 3,832               |
| Tithe expense                |                          | 26,103                       | 26,103                 |                                     |                      | 26,103              |
| Truck expenses               |                          | 3,487                        | 3,487                  | 25                                  |                      | 3,512               |
| Telephone                    | 3,514                    | 2,581                        | 6,095                  | 943                                 | 1,629                | 8,667               |
| Travel                       | 1,433                    | 10,293                       | 11,726                 | 4,801                               | 1,661                | 18,188              |
| Utilities                    | 1,875                    | 17,804                       | 19,679                 | 503                                 | 869                  | 21,051              |
| Total                        | <u>\$ 183,576</u>        | <u>\$ 1,726,582</u>          | <u>\$ 1,910,158</u>    | <u>\$ 320,498</u>                   | <u>\$ 172,911</u>    | <u>\$ 2,403,567</u> |
|                              |                          |                              |                        |                                     |                      | <u>\$ 3,431,105</u> |

See accompanying notes and Independent Auditors' Report.

HABITAT FOR HUMANITY GREATER BOSTON, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

|  | <u>2010</u>       | <u>2009</u>       |
|--|-------------------|-------------------|
| <b><u>Cash Flows From Operating Activities</u></b>   |                   |                   |
| Change in net assets   | \$ (238,771)      | \$ (189,390)      |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |                   |                   |
| Depreciation   | 3,637             | 3,637             |
| Donated construction costs   | (20,834)          |                   |
| Imputed interest expense   | 113,171           | 240,964           |
| (Increase) decrease in:  |                   |                   |
| Pledges receivable   | 80,325            | (229,709)         |
| Advances to homeowners   |                   | 18,142            |
| Prepaid expenses and other current assets  | 33,747            | (25,264)          |
| Increase (decrease) in:  |                   |                   |
| Accrued expenses and accounts payable  | (360,954)         | 330,369           |
| Deposits and escrows   | 1,526             | (3,600)           |
| Reserve for buyer's equity   |                   | (25,076)          |
|  | <u>(388,153)</u>  | <u>120,073</u>    |
| <b><u>Net Cash Provided (Used) by Operating Activities</u></b>                                 |                   |                   |
| <b><u>Cash Flows From Investing Activities</u></b>   |                   |                   |
| Purchase of certificate of deposit   |                   | (5,000)           |
| Refund deposit   | 18,600            |                   |
| Construction of housing and improvements   | (111,643)         | (1,359,456)       |
| Housing and property conveyed  | 390,624           | 1,624,608         |
| Notes receivable commercial space  |                   | 177,267           |
| Collection of notes receivable   | 3,343             |                   |
| Mortgage receivable from sale of housing and<br>property                                       | (715,000)         | (1,010,419)       |
| Collection of Mortgage notes receivable  | <u>251,722</u>    | <u>323,519</u>    |
|  | <u>(162,354)</u>  | <u>(249,481)</u>  |
| <b><u>Net Cash (Used) in Investing Activities</u></b>  |                   |                   |
| <b><u>Cash Flows From Financing Activities</u></b>   |                   |                   |
| Principal payments on notes and loans  | <u>657,551</u>    | <u>(142,532)</u>  |
|  | <u>657,551</u>    | <u>(142,532)</u>  |
| <b><u>Net Cash Provided (Used) in Financing Activities</u></b>                                 |                   |                   |
| <b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>                                 | 107,044           | (271,940)         |
| <b><u>Cash and Cash Equivalents - Beginning of Year</u></b>                                    | <u>422,700</u>    | <u>694,640</u>    |
| <b><u>Cash and Cash Equivalents - End of Year</u></b>  | <u>\$ 529,744</u> | <u>\$ 422,700</u> |
| <b>SUPPLEMENTAL INFORMATION:</b>   |                   |                   |
| Interest paid  | <u>\$ 9,812</u>   | <u>\$ 4,850</u>   |

See accompanying notes and Independent Auditors' Report.



## HABITAT FOR HUMANITY GREATER BOSTON, INC.

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

#### **Note 1. Organization**

Habitat for Humanity Greater Boston, Inc. (HFHGB) is a charitable nonprofit Massachusetts corporation organized in December 1987. It is an affiliate of Habitat for Humanity International (HFHI), an organization with a grassroots structure which is dedicated to eliminating poverty housing from the earth and making poverty housing and homelessness socially and politically unacceptable in the world. HFHGB's mission is to help low-income families become homeowners in the Greater Boston area using the Habitat model of volunteer labor, donated materials and charitable contributions to construct housing. Each Habitat family helps build their home by providing at least 300 hours of "sweat equity." When the home is complete Habitat sells it to the family for an affordable price which is equal to or less than the final accumulated development cost and also provides the family with a no-interest mortgage loan. HFHGB is responsible for raising funds for all of its projects, its annual operating budget and for "tithing" 10% of its unrestricted revenues to HFHI projects overseas.

#### **Note 2. Summary of Significant Accounting Policies**

a. **Standards of Accounting and Reporting**

The Organization follows the standards of accounting and financial reporting as described in the American Institute of Certified Public Accountants' Audit and Accounting Guide for "Not-for-Profit Organizations".

b. **Financial Statement Presentation**

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. No permanently restricted assets were received or held during 2010 and 2009 and accordingly, these financials do not reflect any activity related to this class of net assets for 2010 and 2009.





**HABITAT FOR HUMANITY GREATER BOSTON, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

- c. Property and Equipment  
These assets are recorded at cost when purchased or, if donated, at their estimated fair market value at the date of the donation. All acquisitions of property and equipment in excess of \$2,500 and all expenditures for repairs and betterments that materially prolong the useful lives of assets are capitalized.
- d. Depreciation  
Provisions for depreciation are made in the accounts using the straight-line method. Building improvements and the buildings to be conveyed to qualified buyers are not depreciated. Other fixed assets are depreciated over 5 to 7 years.
- e. Allocation of Expenses  
Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.
- f. Cash and Cash Equivalents  
For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Escrows required by financing arrangements are not considered cash or cash equivalents for financial statement purposes.
- g. Use of Estimates  
The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- h. Housing Activities  
As discussed above, HFHGB is a charity engaged in providing homeownership opportunities to low-income families living or working in the Greater Boston area. Upon completion of construction, the home is conveyed to a selected family for an affordable price which is equal to or less than the final accumulated development cost. HFHGB takes back a note for the purchase price at 0% interest and the note is secured by a first mortgage on the home. HFHGB takes back a second note, secured by a second mortgage, for the difference between the sale price of the home and its fair market value as determined by an independent appraisal.



HABITAT FOR HUMANITY GREATER BOSTON, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

- i. Contributed Goods and Services  
Contributed services are recognized as contributions in accordance with SFAS No. 116 "Accounting for Contributions Received and Contributions Made" if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by HFHGB. In-kind contributed goods and services were recorded as follows:

|                                 |                   |
|---------------------------------|-------------------|
| Capitalized costs               |                   |
| Construction goods and services | \$ 20,834         |
| Professional fees (non-capital) | <u>271,780</u>    |
|                                 | <u>\$ 292,614</u> |

In addition, HFHGB received other donated materials and supplies and the services of a substantial number of volunteers. These goods and services are not recognized as contributions in the financial statements since the criteria under SFAS No. 116 were not met. In the case of volunteers, whether construction related, administrative or Board Members, it is the policy of Habitat for Humanity Greater Boston, Inc. not to recognize the value of these services in the financial statements. While there are volunteers serving many needs of the Organization, it is not practical to quantify the value of these commercial services.

- j. Restricted and Unrestricted Support and Revenue  
Contributions that are restricted by the donor 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 and reported in the Statement of Activities as net assets released from restrictions.
- k. Promises to Give  
Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met and the promises become unconditional.
- l. Compensated Absences  
Vacation and sick pay are considered expenditures in the year paid. The Organization has not accrued compensated absences because the amount cannot be reasonably estimated.



HABITAT FOR HUMANITY GREATER BOSTON, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

(Continued)

**Note 2. Summary of Significant Accounting Policies** (Continued)

- m. Capitalization of Construction Costs  
Construction expenses, which represent a significant portion of the Organization's operating budget, are capitalized pursuant to generally accepted accounting principles for financial statement purposes. Consequently, construction expenses are not shown as program expenses until conveyed.

**Note 3. Tax Status**

Habitat for Humanity Greater Boston, Inc. is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code under a group exemption obtained by Habitat for Humanity International, Inc. (Atlanta, Georgia). In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (a) and has been classified as an organization that is not a private foundation under Section 509(a) (1).

Unrelated business income, of which the Organization had none for the year ending June 30, 2010, would be subject to Federal and State taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

**Note 4. Concentration of Credit Risk**

Credit risk with respect to pledged contributions is considered low as the balance has either been received or from well established entities.

Non-interest bearing cash accounts at banks have an unlimited coverage. Accounts that make in excess of .5% are insured up to \$250,000. Amounts in excess of insured limits totaled \$0.

**Note 5. Pledges Receivable**

At June 30, 2010 the Organization had pledged contributions as follows:

|                           |                   |
|---------------------------|-------------------|
| Due FY 2011               | \$ 296,500        |
| Due FY 2012               | 20,000            |
| Due FY 2013               | 20,000            |
| Due FY 2014               | <u>20,000</u>     |
|                           | 356,500           |
| Less discount             | <u>8,128</u>      |
| Total pledged receivables | <u>\$ 348,372</u> |

**Note 6. Housing Activities**

The following provides a summary of the Habitat for Humanity Greater Boston, Inc.'s construction and housing activities:

|  |           |
|--|-----------|
| <u>Housing Units</u>                                       |           |
| Units Conveyed, subject to Mortgage Loans Serviced by Bank | 59        |
| Units under renovation                                     | 4         |
| Housing Units under Construction                           | <u>11</u> |
| Total  | <u>7</u>  |



**HABITAT FOR HUMANITY GREATER BOSTON, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

(Continued)

**Note 7. Lease Commitments**

In 2008, the Organization entered into a five year lease agreement expiring January 2013 with an additional five year option to renew. The lease required a \$5,000 security deposit plus the last month rent of \$5,628 in advance. Rent is stated at \$5,000 per month with a 3% increase each year. Total rent expense under this lease amounted to \$65,479 for 2010. Future minimum lease payments are as follows:

|      |           |
|------|-----------|
| 2011 | \$ 64,450 |
| 2012 | 66,383    |
| 2013 | 39,393    |

**Note 8. Notes Receivable**

The Organization is due funds under a note receivable dated May 18, 2009 totaling \$177,267 from an individual purchasing the commercial unit at Blue Hill Place. The note is secured by a mortgage, assignment of leases and rents and security agreement. The note requires monthly payments plus interest adjusted annually each July with a balloon payment due July 2014. Payments are due as follows:

| Period | Total Payments | Interest | Principal | Balance due |
|--------|----------------|----------|-----------|-------------|
| FY2011 | \$ 13,564      | \$10,198 | \$ 3,366  | \$ 170,558  |
| FY2012 | 14,865         | 11,752   | 3,113     | 167,443     |
| FY2013 | 16,074         | 13,157   | 2,917     | 164,526     |
| FY2014 | 15,985         | 13,460   | 2,525     | 161,750     |
| FY2015 | 162,963        | 1,213    | 161,750   | -0-         |

**Note 9. Mortgage Receivable**

At conveyance of a unit to a homeowner, HFHGB receives a 20 to 30-year mortgage note with 0% interest. The amount reported in the statement of financial position is net of imputed interest. The rate used to calculate the imputed interest is the market rate at the time of conveyance. The following is a summary of the notes receivable at June 30:

|                                     |                     |
|-------------------------------------|---------------------|
| Total unpaid balance                | \$ 4,734,633        |
| Imputed interest                    | <u>44,047</u>       |
| Net present value of mortgage notes | <u>\$ 4,778,680</u> |
| Current portion                     | \$ 274,762          |
| Long-term portion                   | <u>4,503,918</u>    |
| Total                               | <u>\$ 4,778,680</u> |



**HABITAT FOR HUMANITY GREATER BOSTON, INC.**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010  
(WITH COMPARATIVE TOTALS FOR 2009)

(Continued)

**Note 9. Mortgage Notes Receivable** (Continued)

Estimated principal payments for the next five years:

|            |            |
|------------|------------|
| 2011       | \$ 274,762 |
| 2012       | 271,358    |
| 2013       | 270,005    |
| 2014       | 273,772    |
| 2015       | 261,670    |
| Thereafter | 3,427,113  |

**Note 10. Temporarily Restricted**

Temporarily restricted net assets at June 30, 2010 consist of the following:

|                          |                   |
|--------------------------|-------------------|
|                          | <u>Total</u>      |
| Foreclosure Intervention | \$ 84,872         |
| Full House Sponsorship   | 150,000           |
| Housing Development      | 75,000            |
| Time                     | <u>38,500</u>     |
| Total                    | <u>\$ 348,372</u> |

**Note 11. Tax-Deferred Annuity Plan**

The Organization maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers any employees electing to participate and is entirely funded with employee contributions up to the maximum amount allowed by the Internal Revenue Code.

**Note 12. Notes Payable**

Mortgages and notes payable consist of the following:

|  | <u>2010</u>       |                  |              | <u>2009</u>  |
|--|-------------------|------------------|--------------|--------------|
|  | <u>Short-Term</u> | <u>Long-Term</u> | <u>Total</u> | <u>Total</u> |
| <b><u>Habitat for Humanity International:</u></b>  |                   |                  |              |              |
| SHOP funds payable in monthly installments of \$908 at zero interest; due December 2009; paid July 2009. | \$ 0              | \$ 0             | \$ 0         | \$ 509       |



HABITAT FOR HUMANITY GREATER BOSTON, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

(Continued)

**Note 13. Notes Payable** (Continued)

Mortgages and notes payable consist of the following (continued):

|   | 2010             |                     | 2009                |                   |
|---|------------------|---------------------|---------------------|-------------------|
|   | Short-Term       | Long-Term           | Total               | Total             |
| <b><u>Dedham Institution for Savings:</u></b><br>Line of credit for development of Arrowhead Project dated 9/19/2003; maximum \$500,000; 0% interest; 36 month term; 42 month pay-down required; extended to July 13, 2012 at 3% maximum. In August 2010, an additional \$250,000 was drawn down. |                  | 389,070             | 389,070             | 255,509           |
| <b><u>Massachusetts Housing Finance Agency:</u></b><br>Loan dated November 29, 2001 totaling \$300,000 secured by five property loans conveyed to buyers; at a rate of 2.5%; at 6/30/08 requiring monthly payments of \$2,000 due to balance outstanding; due 2016.                               | 20,222           | 120,246             | 140,468             | 162,330           |
| Loan dated April 2, 2008 totaling \$600,000 secured by five property loans conveyed to buyers; at a rate of 2.5%; requiring monthly payments of \$158 due to balance outstanding; due May 2023. In April 2010, an additional \$560,000 was drawn down.  | 39,394           | 545,907             | 585,301             | 38,940            |
| <b><u>Lawrence Model Lodging Houses Trust</u></b><br>Loan dated May 21, 2008 totaling \$7,500 at zero interest due on sale of 31 Ashton Street or within three (3) years.   | 7,500            |                     | 7,500               | 7,500             |
| Total Notes Payable   | <u>\$ 67,116</u> | <u>\$ 1,055,223</u> | <u>\$ 1,122,339</u> | <u>\$ 464,788</u> |



HABITAT FOR HUMANITY GREATER BOSTON, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

(Continued)

**Note 13. Notes Payable** (Continued)

Principal payments due over the next five years:

|            |    |         |
|------------|----|---------|
| 2011       | \$ | 67,116  |
| 2012       |    | 450,194 |
| 2013       |    | 62,670  |
| 2014       |    | 64,254  |
| 2015       |    | 65,880  |
| Thereafter |    | 412,225 |

