

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2011 and 2010

HARBORLIGHT COMMUNITY PARTNERS, INC.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2011 and 2010

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Harborlight Community Partners, Inc.

We have audited the accompanying consolidated statements of financial position of Harborlight Community Partners, Inc. as of December 31, 2011 and 2010, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of Harborlight Community Partners, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Harborlight Community Partners, Inc. as of December 31, 2011 and 2010, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 21 through 27 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Otis Atwell".

Certified Public Accountants

May 1, 2012
South Portland, Maine

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2011 and 2010

	2011	2010
ASSETS		
Current Assets		
Cash - Unrestricted	\$ 340,867	\$ 338,277
Cash - Reserves and Mortgage Escrows (Note 7)	1,227,948	402,988
Tenant Security Deposits	35,421	10,906
Accounts Receivable - Tenants	3,053	223
Accounts Receivable - Related Party (Note 9)	-	4,468
Accounts Receivable - Other (Note 9)	138,316	136,688
Prepaid Expenses	41,373	17,916
Notes Receivable, Current Maturities (Note 2)	27,664	25,941
Total Current Assets	1,814,642	937,407
Property and Equipment (Note 5)		
Land and Site Improvements	2,111,806	1,259,232
Buildings Held for Rent	11,992,135	8,392,149
Furniture and Equipment	316,413	287,371
Motor Vehicles	167,891	127,076
Construction in Progress	64,132	20,500
Development in Progress	12,868	72,480
Total	14,665,245	10,158,808
Less Accumulated Depreciation	2,362,195	2,080,834
Total Property and Equipment	12,303,050	8,077,974
Other Assets		
Deferred Financing Fees (net of Accumulated Amortization of \$32,145 and \$25,164 in 2011 and 2010, respectively)	146,939	104,251
Notes Receivable, Less Current Maturities (Note 2)	232,667	270,331
Total Other Assets	379,606	374,582
TOTAL ASSETS	\$ 14,497,298	\$ 9,389,963

See accompanying notes to the financial statements.

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Continued)

December 31, 2011 and 2010

LIABILITIES AND NET ASSETS

	2011	2010
LIABILITIES		
Current Liabilities		
Accounts Payable (Note 9)	\$ 122,917	\$ 129,025
Accrued Expenses	85,154	82,074
Accrued Interest	21,495	14,440
Tenant Security Deposits	29,159	16,570
Prepaid Rent	1,436	1,006
Deferred Revenue	4,139	8,457
Line of Credit (Note 4)	231,000	211,103
Current Portion of Long-Term Debt	119,955	91,301
Total Current Liabilities	615,255	553,976
Long-Term Liabilities (Note 5)		
Long-Term Debt	11,104,407	6,762,035
Deferred Interest	825,201	746,048
Total Long-Term Liabilities	11,929,608	7,508,083
TOTAL LIABILITIES	12,544,863	8,062,059
MINORITY INTEREST IN AFFILIATE	22,557	198,751
NET ASSETS		
Unrestricted	1,299,609	1,060,669
Temporarily Restricted (Note 3)	630,269	68,484
Total Net Assets	1,929,878	1,129,153
TOTAL LIABILITIES AND NET ASSETS	\$ 14,497,298	\$ 9,389,963

See accompanying notes to the financial statements.

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Administrative Revenue	\$ 266,037	\$ -	\$ 266,037
Site Revenue	1,023,398	-	1,023,398
Service Revenue	636,366	-	636,366
Fundraising Revenue	566,487	(13,100)	553,387
Development Income	100,115	574,885	675,000
Interest Income	19,439	-	19,439
Other Income	13,137	-	13,137
	<u>2,624,979</u>	<u>561,785</u>	<u>3,186,764</u>
Total Revenue			
Expenses			
Administrative Expenses	90,174	-	90,174
Site Expenses	1,682,966	-	1,682,966
Service Expenses	617,238	-	617,238
Fundraising Expenses	129,779	-	129,779
	<u>2,520,157</u>	<u>-</u>	<u>2,520,157</u>
Total Expenses			
Rental Activities			
Rental and Other Income	511,356	-	511,356
Rental Expenses	(553,432)	-	(553,432)
	<u>(42,076)</u>	<u>-</u>	<u>(42,076)</u>
Net Rental Activities			
Minority Interest in Net Loss of Affiliate	176,194	-	176,194
	<u>176,194</u>	<u>-</u>	<u>176,194</u>
Minority Interest in Net Loss of Affiliate			
Change in Net Assets	238,940	561,785	800,725
Net Assets, Beginning of Year	<u>1,060,669</u>	<u>68,484</u>	<u>1,129,153</u>
Net Assets, End of Year	<u>\$ 1,299,609</u>	<u>\$ 630,269</u>	<u>\$ 1,929,878</u>

See accompanying notes to the financial statements.

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Administrative Revenue	\$ 244,737	\$ -	\$ 244,737
Site Revenue	661,952	-	661,952
Service Revenue	724,711	-	724,711
Fundraising Revenue	236,404	63,100	299,504
Interest Income	22,298	-	22,298
Forgiveness of Debt (Note 5)	53,798	-	53,798
Other Income	2,491	-	2,491
	<u>1,946,391</u>	<u>63,100</u>	<u>2,009,491</u>
Expenses			
Administrative Expenses	62,042	-	62,042
Site Expenses	1,253,290	-	1,253,290
Service Expenses	635,826	-	635,826
Fundraising Expenses	93,694	-	93,694
	<u>2,044,852</u>	<u>-</u>	<u>2,044,852</u>
Rental Activities			
Rental and Other Income	516,815	-	516,815
Rental Expenses	<u>(561,701)</u>	<u>-</u>	<u>(561,701)</u>
	<u>(44,886)</u>	<u>-</u>	<u>(44,886)</u>
Minority Interest in Net Loss of Affiliate	<u>176,885</u>	<u>-</u>	<u>176,885</u>
Change in Net Assets	33,538	63,100	96,638
Net Assets, Beginning of Year	<u>1,027,131</u>	<u>5,384</u>	<u>1,032,515</u>
Net Assets, End of Year	<u>\$ 1,060,669</u>	<u>\$ 68,484</u>	<u>\$ 1,129,153</u>

See accompanying notes to the financial statements.

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 800,725	\$ 96,638
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	298,575	262,416
Deferred Interest Expense	79,153	74,698
Forgiveness of Long-Term Debt	-	(53,798)
Minority Interests' Share of Net Loss of Affiliate	(176,194)	(176,885)
Changes in Assets and Liabilities:		
Accounts Receivable - Tenants	(2,830)	(215)
Accounts Receivable - Related Party	4,468	(3,814)
Other Receivables	(1,628)	(64,638)
Prepaid Expenses	(23,457)	10,206
Accounts Payable	(14,858)	41,531
Accrued Expenses	3,080	(17,324)
Accrued Interest	7,055	(156)
Tenant Security Deposits and Accrued Interest	12,589	6,301
Prepaid Rent	(24,085)	(8,162)
Deferred Revenue	(4,318)	(4,710)
Net Cash Provided by Operating Activities	958,275	162,088
Cash Flows from Investing Activities:		
Net Deposits to Restricted Cash	(824,960)	(9,749)
Purchases of Property and Equipment	(4,507,920)	(264,523)
Payments from Note Receivables	35,941	24,324
Net Cash Used by Investing Activities	(5,296,939)	(249,948)
Cash Flows From Financing Activities:		
Long-term Debt Proceeds	4,103,802	55,300
Principal Payments on Long-term Debt	267,224	(65,943)
Proceeds from Line of Credit	(231,000)	-
Payment of Line of Credit	250,897	-
Payment of Deferred Fees	(49,669)	-
Net Cash Provided (Used) by Financing Activities	4,341,254	(10,643)
Net Increase (Decrease) in Cash	2,590	(98,503)
Cash at Beginning of Year	338,277	436,780
Cash at End of Year	\$ 340,867	\$ 338,277
Supplemental Disclosure of Cash Flows Information:		
Cash Paid During the Year for:		
Interest	\$ 180,884	\$ 209,093

See accompanying notes to the financial statements.

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities - Harborlight Community Partners, Inc. (Harborlight) is a Massachusetts nonprofit corporation formed to develop, maintain and operate affordable housing for low to moderate income families. Harborlight currently owns and/or manages 284 residential units, and one commercial property. Harborlight also manages an additional 4 residential units.

Basis of Consolidation - The accompanying consolidated financial statements include the accounts of Harborlight Community Partners, Inc., HLH Affordable Housing, Inc. and Firehouse Place, Inc. (commencing in 2011), not-for-profit entities related through common control. HLH Affordable Housing, Inc. is the sole general partner of HLH Affordable Housing, LP and Harborlight Community Partners, Inc. is the sole member of Whipple Annex Housing, LLC. These two entities are included in the consolidated financial statements. All significant inter-company transactions and balances are eliminated in consolidation.

Property and Equipment - Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Income Taxes - Harborlight is exempt from income tax liabilities under Section 501(c)(3) of the Internal Revenue Code.

HLH Affordable Housing Inc. is taxed as a C Corporation. At December 31, 2011 and 2010, the Corporation had net operating losses.

No provision for taxes on income is made on the HLH Affordable Housing Limited Partnership and Whipple Annex Housing, LLC financial statements since, as a partnership or limited liability company, all taxable income and losses are allocated to the partners or members for inclusion in their respective income tax returns.

A low income housing tax credit pursuant to Internal Revenue Code Section 42 has been allocated HLH Affordable Housing, LP. This credit is allocated to the partners for inclusion in their respective tax returns. Certain units must be maintained as a low income rental project to realize the tax credit. If these units are not low income, adverse tax consequences will occur.

Cash - For purposes of reporting cash flows, cash includes cash on hand and amounts due from banks. The statement of cash flows does not include tenant security deposits in cash. These funds are held in trust and may be returned to the tenants.

Deferred Financing Fees - Deferred financing fees are being amortized over the terms of the related notes payable.

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Contributions - Contributions are recognized when the donor makes a promise to give to Harborlight 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 fiscal year in which the contribution is 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 as unrestricted net assets.

Functional Allocation of Expenses - The costs of providing various programs and supporting activities have been summarized on a functional basis in the statement of activities and the supplementary information to the financial statements. Accordingly, certain costs have been allocated between the programs and supporting services.

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

Subsequent Events - Subsequent events have been evaluated through May 1, 2012, the date the financial statements were available to be issued.

NOTE 2 - NOTES RECEIVABLE

Notes receivable consisted of the following:

	2011	2010
Harborlight provided a loan to a key employee in the amount of \$30,000 with interest at 5%, interest only payments of \$125 per month through December 2012. An additional principal payment of \$10,000 was received during 2011. Payments of principal and interest thereafter at a rate equal to the lower of the Wall Street Journal prime rate or 7% per annum until the earlier of December 1, 2017 or 120 days following the cessation of the individual's employment with the Organization, when all unpaid principal is due.	\$ 20,000	\$ 30,000
The Organization sold their personal care services business during 2009 for \$332,000. A note receivable was issued in connection with the sale, with interest at 6.45% per annum. Monthly payments of principal and interest of \$6,254 through August 2009 and monthly payments thereafter of \$3,530 until January 2019 when all unpaid principal is due.	240,331	266,272
	\$ 260,331	\$ 296,272

HARBORLIGHT COMMUNITY PARTNERS, INC.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 (Continued)

NOTE 2 - NOTES RECEIVABLE (Continued)

Aggregate maturities of notes receivable are as follows:

2012	\$ 27,664
2013	31,650
2014	33,766
2015	36,023
2016	38,430
Thereafter	92,798
	\$ 260,331

NOTE 3 - RESTRICTED NET ASSETS

Temporarily Restricted Net Assets

Certain net assets are subject to donor restrictions. These net assets will be released from the imposed restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donor.

At December 31, 2011 and 2010, temporarily restricted net assets includes \$5,384 in donations that were made to the Moving Partners fund. These donations will continue to be restricted until the required services have been performed.

During 2010, a grant totaling \$7,000 was awarded to the Organization for a market study on one of the properties. Half of this amount was expended in 2010, leaving \$3,500 in temporarily restricted net assets at December 31, 2010. In addition, \$59,600 in gifts were received by the Organization for the benefit of a property currently in development. The property was placed in operation during 2011; therefore this amount was released during 2011 from temporarily restricted net assets.

At December 31, 2011, temporarily restricted net assets includes \$574,885 in donations that were made to the Pigeon Cove development. These donations will continue to be restricted until the required services have been performed.

At December 31, 2011, temporarily restricted net assets includes \$50,000 in donations that were made to the Organization for general operating support. The grant shall be expended over a one-year term expiring in 2012.

NOTE 4 - LINE OF CREDIT

The Organization had an unsecured \$250,000 line of credit with People's United Bank. Interest is the Wall Street Journal prime rate plus .5% with a floor of 4% (4% at December 31, 2010). Interest only is payable in monthly installments. The line of credit is payable on demand. At December 31, 2010, the unpaid principal balance was \$211,103. This line of credit was paid in full during 2011.

During 2011, the Organization obtained a \$250,000 line of credit with Beverly Cooperative Bank to assist in the development of Firehouse Place, Inc. The note is secured by property. Interest is the Wall Street Journal prime rate plus 1% with a floor of 4% (4.25% at December 31, 2011). Interest only is payable in monthly installments. The line of credit is payable on demand. At December 31, 2011, the unpaid principal balance was \$231,000 and was paid during April 2012.

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 5 - LONG-TERM DEBT

Long-term debt consisted of the following:

	2011	2010
<u>Harborlight Community Partners, Inc.</u>		
Promissory Note Payable – People’s United Bank, with interest at 6.5%, principal and interest due in monthly payments of \$1,007 until September 2022, when all unpaid principal is due. The loan is secured by property.	\$ 93,324	\$ 99,113
Promissory Note Payable – Beverly Cooperative Bank, with interest at 6.75%, principal and interest due in monthly payments of \$620 until October 2014, when all unpaid principal is due. The loan is secured by a motor vehicle and equipment.	18,589	24,568
Promissory Note Payable - Community Economic Development Assistance Corp. (CEDAC), non-interest bearing, the entire unpaid balance shall be due and payable in full in June 2032, as long as the property remains affordable to low income tenants. Principal payments in excess of 115% of Gross Cash Expenditures are payable within 45 days of the calendar year end.	238,026	238,026
Promissory Note Payable - North Shore Home Consortium (NSHC), non-interest bearing, the entire unpaid balance shall be due and payable in full in July 2023. This note is secured by the property.	140,000	140,000
Promissory Note Payable – Community Development Block Grant Loan Program, non-interest bearing, repayment of principal is forgiven unless property doesn’t remain affordable low income housing.	100,000	100,000
Promissory Notes Payable - NSHC, non-interest bearing, the entire unpaid balance shall be due and payable in full in August 2039. This note is secured by the property.	150,000	150,000
Promissory Note Payable - NSHC, non-interest bearing. Payments are due upon default. This note is secured by the property.	65,000	65,000

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 5 - LONG-TERM DEBT (Continued)

	2011	2010
Promissory Note Payable - Home Improvement Deferred Loan Program (HIDL), non-interest bearing, deferred declining balance loan, with the unpaid balance forgiven in September 2019. The loan shall be due in full in the event of a default or breach on the note conditions. This note is secured by the property.	60,000	60,000
Promissory Note Payable - NSHC, non-interest bearing, the entire unpaid balance shall be due and payable in full in December 2023. This note is secured by property.	25,000	25,000
Promissory Note Payable - Boston Private Bank & Trust, with interest at 6.07%, principal and interest due in monthly payments of \$396 until August 2021, when all unpaid principal is due. The loan is secured by property.	64,717	-
Promissory Note Payable - NSHC, non-interest bearing, the entire unpaid balance shall be due and payable in full in October 2041. This note is secured by property.	54,500	-
Promissory Note Payable - NSHC, non-interest bearing, the entire unpaid balance shall be due and payable in full in December 2040. This note is secured by property.	78,100	-
Promissory Note Payable - NSHC, non-interest bearing, the entire unpaid balance shall be due and payable in full in December 2041. This note is secured by property.	101,000	-
Promissory Note Payable – Ally Financial, without interest, principal due in monthly payments of \$680 until October 2019, when all unpaid principal is due. The loan is secured by a motor vehicle.	39,454	-
Mortgage Note Payable - USDA, Rural Development with market rate interest at 3.25% per annum. USDA, Rural Development, under Section 515 of the Housing Act, is committed to issue monthly interest credits of \$3,048 so as to reduce the principal and interest payments to an amount equivalent to a loan at a basic interest rate of 1%. For both financial statement and tax purposes, the mortgage note is being amortized using the market interest rate. The USDA, Rural Development interest credits are reduced by rent collections in excess of basic contract rents. Monthly payments of \$5,143 reflect a 50-year amortization at 1%. The final installment is due July 2036. The note is secured by real estate and personal property (Pigeon Cove).	2,427,318	-

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 5 - LONG-TERM DEBT (Continued)

	2011	2010
<p>Mortgage Note Payable - USDA, Rural Development with market rate interest at 3.25% per annum. USDA, Rural Development, under Section 515 of the Housing Act, is committed to issue monthly interest credits of \$1,520 so as to reduce the principal and interest payments to an amount equivalent to a loan at a basic interest rate of 1%. For both financial statement and tax purposes, the mortgage note is being amortized using the market interest rate. The USDA, Rural Development interest credits are reduced by rent collections in excess of basic contract rents. Monthly payments of \$2,565 reflect a 50-year amortization at 1%. The final installment is due July 2036. The note is secured by real estate and personal property (Pigeon Cove).</p>	1,210,517	-
<p>Mortgage Note Payable - USDA, Rural Development with market rate interest at 3.25% per annum. USDA, Rural Development, under Section 515 of the Housing Act, is committed to issue monthly interest credits of \$159 so as to reduce the principal and interest payments to an amount equivalent to a loan at a basic interest rate of 1%. For both financial statement and tax purposes, the mortgage note is being amortized using the market interest rate. The USDA, Rural Development interest credits are reduced by rent collections in excess of basic contract rents. Monthly payments of \$268 reflect a 50-year amortization at 1%. The final installment is due July 2036. The note is secured by real estate and personal property (Pigeon Cove).</p>	126,552	-
<p><u>HLH Housing Affordable, LP</u> Promissory Note Payable - First Baptist Church in Beverly, an affiliate of the general partner, 6.5% through December 2011, then interest only at 4% through December 31, 2014, after which time interest shall be the Wall Street Journal prime rate plus 3%, thereafter, adjusted every five years. Monthly payments of principal and interest of \$5,364 through December 2011, and monthly interest payments of \$2,204 from February 2012 through December 2014 when the payments will be readjusted. The note is due in full on December 31, 2028. The loan is secured by a mortgage deed on the property.</p>	661,316	681,965

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 5 - LONG-TERM DEBT (Continued)

	2011	2010
Promissory Note Payable - Commonwealth of Massachusetts, Department of Housing and Community Development (DHCD), with interest at 6%. Payments of principal and interest are deferred until August 2028. The loan is secured by a mortgage deed on the property.	500,000	500,000
Promissory Note Payable - CEDAC, non-interest bearing, the entire unpaid balance shall be due and payable in full in August 2028. The loan is secured by a mortgage deed on the property.	250,000	250,000
Promissory Note Payable - NSHC, with interest at 6%. Payments of principal and interest are deferred until August 2028. The loan is secured by a mortgage deed on the property.	150,000	150,000
Promissory Note Payable - City of Beverly, with interest at 1%. Payments of principal and interest are deferred until August 2028. The loan is secured by a mortgage deed on the property.	50,000	50,000
<u>Whipple Annex Housing, LLC</u>		
Mortgage Note Payable - North Shore Bank, with interest at 3%, monthly payments of principal and interest of \$3,619 until May 2027 when all unpaid principal is due. The loan is secured by the property.	533,881	560,632
Mortgage Note Payable - North Shore Bank, with interest recast and fixed every five years, at the Federal Home Loan Bank of Boston Classic Advance Rate plus 2.5%, currently 5.55% and 7.5% at December 31, 2011 and 2010, respectively. Monthly payments of principal and interest of \$613 and \$696 were paid during 2011 and 2010, respectively, until March 2026 when all unpaid principal and interest is due. The loan is secured by the property.	72,063	75,114
Promissory Note Payable - Massachusetts Development Finance Agency, non-interest bearing, monthly principal payments of \$89 until June 2014 when all unpaid principal is due. The loan is secured by the property.	2,677	3,748
Promissory Note Payable - DHCD, non-interest bearing, the entire unpaid balance shall be due and payable in full in March 2036. The loan is secured by the property.	500,000	500,000
Promissory Note Payable - Commonwealth of Massachusetts (DHCD), non-interest bearing, the entire unpaid balance shall be due and payable in full in March 2056. The loan is secured by the property.	500,000	500,000

HARBORLIGHT COMMUNITY PARTNERS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 5 - LONG-TERM DEBT (Continued)

	2011	2010
Promissory Note Payable - Federal Home Loan Bank, non-interest bearing, the entire unpaid balance shall be deemed payable in May 2022. The loan is secured by the property.	300,000	300,000
Promissory Note Payable - CEDAC, non-interest bearing, the entire unpaid balance shall be due and payable in full in May 2037. The loan is secured by the property.	201,993	201,993
Promissory Note Payable - Town of Ipswich (HOME Loan), non-interest bearing, the entire unpaid balance shall be due and payable in full in May 2105. The loan is secured by the property.	115,000	115,000
Promissory Note Payable - NSHC (HOME Loan), non-interest bearing, the entire unpaid balance shall be due and payable in full in May 2104. The loan is secured by the property.	75,000	75,000
<u>Firehouse Place, Inc.</u>		
Promissory Note Payable – The First Baptist Church in Beverly, with interest at 6%, monthly payments of principal and interest of \$1,003 until February 2031 when all unpaid principal is due. The loan is secured by the property, and guaranteed by the Organization.	136,901	-
Promissory Note Payable - Department of Housing and Community Development (DHCD) through the Affordable Housing Trust Fund, non-interest bearing, the entire unpaid balance shall be due and payable in full in October 2041. The Corporation can draw up to \$210,000 on the note. The loan is secured by the property.	199,500	-
Promissory Note Payable - North Shore HOME Consortium (HOME Loan), non-interest bearing, the entire unpaid balance shall be due and payable in full in October 2041. The loan is secured by the property.	220,000	-
Promissory Note Payable - Town of Hamilton (HOME Loan), non-interest bearing, the entire unpaid balance shall be due and payable in full in October 2041. The loan is secured by the property. Funding up to \$65,720 has been granted.	50,254	-
	\$ 9,510,682	\$ 4,865,159

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 5 - LONG-TERM DEBT (Continued)

In addition to the terms described above, many of the loans included in long-term debt have covenants that require premature payment if properties purchased with the loan proceeds are not occupied by, and affordable to, low-income households.

The organization entered into a bond payable with Massachusetts Development Finance Agency (MDFA) in the amount of \$1,994,000.

The bond payable at December 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Bond Payable, interest only payments of 5% due monthly until October 2010 when monthly payments of principal and interest of \$10,704 until September 2019. Thereafter the interest rate will be the greater of 4.5% or the Federal Home Loan Bank Rate plus 1.5%, adjusted every five years until September 2029. The bonds were refinanced with Boston Private Bank during 2011 at 3.75% interest. Commencing September 1, 2011, monthly principal and interest payments of \$8,038 due until August 2021. The bond is secured by the real estate and personal property.	<u>\$ 1,713,680</u>	<u>\$ 1,988,177</u>
	<u>\$ 1,713,680</u>	<u>\$ 1,988,177</u>

Aggregate maturities of long-term debt are as follows:

2012	\$ 119,955
2013	124,408
2014	126,692
2015	160,939
2016	165,476
Thereafter	<u>10,526,892</u>
Total	<u>\$ 11,224,362</u>

A firm commitment has been received by the Community Economic Development Assistance Corporation agency to fund future costs of the Firehouse Place, Inc. rehabilitation. Additional funds up to \$317,000 shall be loaned as necessary during 2012 to complete the renovations.

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 5 - LONG-TERM DEBT (Continued)

Deferred interest payable of loans of HLH Affordable Housing, LP at December 31, 2011 and 2010 was as follows:

	<u>2011</u>	<u>2010</u>
Promissory Note Payable - DHCD	\$ 573,007	\$ 512,271
Promissory Note Payable - CEDAC	80,000	80,000
Promissory Note Payable - NSHC	165,440	147,585
Promissory Note Payable - City of Beverly	<u>6,754</u>	<u>6,192</u>
	<u>\$ 825,201</u>	<u>\$ 746,048</u>

NOTE 6 - RENTAL ASSISTANCE AGREEMENTS

The U.S. Department of Housing and Urban Development (HUD) has contracted with Whipple Annex Housing, LLC under Section 8 of Title II of the Housing and Community Development Act of 1974, to make housing assistance payments to the Company on behalf of qualified tenants. The HAP contract provides rental subsidies for 8 of the units. During 2011 and 2010, rental subsidies totaled \$85,935 and \$92,164, respectively. The project may not increase rents charged to tenants without HUD approval.

The U.S. Department of Housing and Urban Development (HUD) has contracted with Firehouse Place, Inc. under Section 8 of Title II of the Housing and Community Development Act of 1974, to make housing assistance payments to the Corporation on behalf of qualified tenants. The contract is administered and monitored by Community Teamwork, Inc. The contract provides rental subsidies for 4 of the residential units. During 2011, rental subsidies totaled \$1,025. The project may not increase rents charged to tenants without HUD approval.

NOTE 7 - COMMITMENTS

Under the terms of the Bond Payable, the Organization is required to have certain restricted deposits and reserves, which are maintained by the Bond Trustee and are restricted as to use. These amounts are designated to pay for construction costs incurred related to the financing received from the bonds and other purposes deemed appropriate by the bond issuer.

In addition, the Organization was required to establish and maintain a reserve for replacements that is to be funded annually from cash receipts from operations and used for capital purchases.

HARBORLIGHT COMMUNITY PARTNERS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 9 - RELATED PARTY TRANSACTIONS

The Organization charges various affiliates for administrative and maintenance services. During 2011 and 2010, the Organization received the following from the affiliated parties:

	2011	2010
<u>Administrative Revenue</u>		
First Baptist Beverly Housing for the Elderly, Inc.	\$ 138,559	\$ 130,106
Turtle Woods Corporation	78,106	77,093
First Baptist Church in Beverly	30,223	29,511
	\$ 246,888	\$ 236,710
<u>Site Revenue</u>		
First Baptist Beverly Housing for the Elderly, Inc.	\$ 254,835	\$ 183,647
Turtle Woods Corporation	140,972	124,996
First Baptist Church in Beverly	23,150	25,040
	\$ 418,957	\$ 333,683
<u>Service Revenue</u>		
First Baptist Beverly Housing for the Elderly, Inc.	\$ 58,233	\$ 59,963
Turtle Woods Corporation	24,222	18,748
First Baptist Church in Beverly	7,225	8,336
	\$ 89,680	\$ 87,047

Amounts due from Affiliates and included in Accounts Receivable - Other at December 31, 2011 and 2010 consisted of the following:

	2011	2010
First Baptist Beverly Housing for the Elderly, Inc.	\$ 15,514	\$ 33,115
Turtle Woods Corporation	11,130	15,181
Harborlight Nursery School, Inc.	145	1,627
First Baptist Church in Beverly	4,738	6,698
Non-Related Party	106,789	80,067
	\$ 138,316	\$ 136,688

Amounts due to Affiliates and included in Accounts Payable at December 31, 2011 and 2010 consisted of the following:

	2011	2010
First Baptist Church in Beverly	\$ 74	\$ 2,841
First Baptist Beverly Housing for the Elderly, Inc.	102	-
Turtle Woods Corporation	-	80
Non-Related Party	122,741	126,104
	\$ 122,917	\$ 129,025

HARBORLIGHT COMMUNITY PARTNERS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 9 - RELATED PARTY TRANSACTIONS (Continued)

At December 31, 2011 and 2010, Accounts Receivable - Related Party consisted of the following:

	2011	2010
First Baptist Church in Beverly	\$ -	\$ 966
First Baptist Beverly Housing for the Elderly, Inc.	-	3,437
Turtle Woods Corporation	-	65
	\$ -	\$ 4,468

The First Baptist Church in Beverly allocates investment income earned from an endowment fund held by the Church to the Organization. The investment income received is included as an unrestricted contribution. During both 2011 and 2010, \$20,004 was received from the endowment fund.

The First Baptist Church in Beverly has provided financing to the Organization. See Note 5.

The Organization made a loan to a key employee. See Note 2.

NOTE 10 - PENSION PLAN

The Organization provides a defined contribution pension plan through its affiliation with the Church, for eligible employees. The Organization contributes an amount equal to 16% of each employee's annual compensation plan, which accounts for retirement savings, life and disability insurance. Pension expense totaled \$41,495 and \$42,164 for the years ended December 31, 2011 and 2010, respectively.

NOTE 11 - OPERATING LEASE

Firehouse Place, Inc. leases commercial building space under an operating lease to Acord, Inc., which is a charitable corporation that runs a food pantry in the building. The lease runs for fifteen years with options to renew for periods of ten years.

Future minimum lease payments are as follows:

2012	\$ 7,200
2013	7,230
2014	7,592
2015	7,971
2016	8,375
Thereafter	109,418
	\$ 147,786

Firehouse Place, Inc. also received \$70,000 in donations from Acord, Inc. during 2011 to assist in the acquisition and renovation of the building.

HARBORLIGHT COMMUNITY PARTNERS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 11 - OPERATING LEASE (Continued)

During January 2012, the Organization entered into a lease agreement for office space. Monthly lease payments of \$2,583 are due through January 2015, with a two year option to renew available.

Future minimum lease payments are as follows:

2012	\$ 29,708
2013	31,000
2014	31,000
2015	1,292
	<u>\$ 93,000</u>

NOTE 12 - LAND LEASE

Whipple Annex Housing, LLC leases the land upon which the residential units are situated from the Town of Ipswich, under a ninety-nine year lease. The lease provides that the Company shall be required to pay \$1 during the term of the lease, plus expenses, such as taxes and assessments, incidental to the use of the land.

NOTE 13 - FUNCTIONAL EXPENSES

The costs of providing the programs are summarized on a functional basis as follows:

	2011	2010
Program Services	\$2,300,204	\$1,889,116
General and Administrative	90,174	62,042
Fundraising	129,779	93,694
Total	<u>\$2,520,157</u>	<u>\$2,044,852</u>

NOTE 14 - SUBSEQUENT EVENT

On January 1, 2012, the Organization merged with The Community Land Trust of Cape Ann, Inc. Harborlight will remain as the surviving corporation and shall continue to exist as a charitable corporation.

NOTE 15 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to a concentration of credit risk consist of checking, savings accounts, and trust accounts with banks. As of December 31, 2011, the Organization had cash on deposit with banks of \$1,707,288. Of this amount, \$748,209 was insured by the FDIC or invested in government securities.

SUPPLEMENTARY INFORMATION

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2011

	Harborlight Community Partners, Inc.	HLH Affordable Housing, Inc.	HLH Affordable Housing, LP	Whipple Annex Housing, LLC	Firehouse Place, Inc.	Eliminations	Totals
ASSETS							
Current Assets							
Cash - Unrestricted	\$ 268,011	\$ -	\$ 43,567	\$ 21,915	\$ 7,374	\$ -	\$ 340,867
Cash - Reserves and Mortgage Escrows	951,181	-	214,102	52,311	10,354	-	1,227,948
Tenant Security Deposits	30,003	-	-	4,463	955	-	35,421
Accounts Receivable - Tenants	-	-	2,028	-	1,025	-	3,053
Accounts Receivable - Related Party	21,048	-	-	-	-	(21,048)	-
Accounts Receivable - Other	385,553	-	53	-	-	(247,290)	138,316
Prepaid Expenses	36,601	-	3,287	889	596	-	41,373
Notes Receivable, Current Maturities	27,664	-	-	-	-	-	27,664
Total Current Assets	1,720,061	-	263,037	79,578	20,304	(268,338)	1,814,642
Property and Equipment							
Land and Site Improvements	1,714,367	-	262,439	-	135,000	-	2,111,806
Buildings Held for Rent	4,998,520	-	3,673,291	2,648,641	947,839	(276,156)	11,992,135
Furniture and Equipment	153,199	-	148,675	8,659	5,880	-	316,413
Motor Vehicles	167,891	-	-	-	-	-	167,891
Construction in Progress	64,132	-	-	-	-	-	64,132
Development in Progress	12,868	-	-	-	-	-	12,868
Total	7,110,977	-	4,084,405	2,657,300	1,088,719	(276,156)	14,665,245
Accumulated Depreciation	580,440	-	1,458,036	317,933	5,786	-	2,362,195
Total Property and Equipment	6,530,537	-	2,626,369	2,339,367	1,082,933	(276,156)	12,303,050
Other Assets							
Investments in Affiliates	(126)	(126)	-	-	-	252	-
Deferred Financing Fees, Net	126,849	-	20,090	-	-	-	146,939
Development Fee Receivable	407,442	-	-	-	-	(407,442)	-
Notes Receivable, Less Current Maturities	232,667	-	-	-	-	-	232,667
Total Other Assets	766,832	(126)	20,090	-	-	(407,190)	379,606
TOTAL ASSETS	\$ 9,017,430	\$ (126)	\$ 2,909,496	\$ 2,418,945	\$ 1,103,237	\$ (951,684)	\$ 14,497,298
LIABILITIES AND NET ASSETS							
Current Liabilities							
Accounts Payable	\$ 102,422	\$ -	\$ 13,476	\$ 1,275	\$ 20,758	\$ (15,014)	\$ 122,917
Accounts Payable - Related Party	-	-	21,048	1,276	231,000	(253,324)	-
Accrued Expenses	76,254	-	5,000	3,900	-	-	85,154
Accrued Interest	17,190	-	3,582	723	-	-	21,495
Tenant Security Deposits	23,668	-	-	4,536	955	-	29,159
Prepaid Rent	-	-	-	1,085	351	-	1,436
Deferred Revenue	4,139	-	-	-	-	-	4,139
Line of Credit	231,000	-	-	-	-	-	231,000
Current Portion of Long-Term Debt	83,977	-	-	32,049	3,929	-	119,955
Total Current Liabilities	538,650	-	43,106	44,844	256,993	(268,338)	615,255
Long-Term Liabilities							
Long-Term Debt	6,621,800	-	1,611,316	2,268,565	602,726	-	11,104,407
Development Fee Payable	-	-	407,442	-	-	(407,442)	-
Deferred Interest	-	-	825,201	-	-	-	825,201
Total Long-Term Liabilities	6,621,800	-	2,843,959	2,268,565	602,726	(407,442)	11,929,608
TOTAL LIABILITIES	7,160,450	-	2,887,065	2,313,409	859,719	(675,780)	12,544,863
Minority Interest in Affiliate	-	-	22,557	-	-	-	22,557
NET ASSETS							
Unrestricted	1,226,711	(126)	(126)	105,536	243,518	(275,904)	1,299,609
Temporarily Restricted	630,269	-	-	-	-	-	630,269
Total Net Assets	1,856,980	(126)	(126)	105,536	243,518	(275,904)	1,929,878
TOTAL LIABILITIES AND NET ASSETS	\$ 9,017,430	\$ (126)	\$ 2,909,496	\$ 2,418,945	\$ 1,103,237	\$ (951,684)	\$ 14,497,298

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2010

	Harborlight Community Partners, Inc.	HLH Affordable Housing, Inc.	HLH Affordable Housing, LP	Whipple Annex Housing, LLC	Eliminations	Totals
ASSETS						
Current Assets						
Cash - Unrestricted	\$ 262,390	\$ -	\$ 43,192	\$ 32,695	\$ -	\$ 338,277
Cash - Reserves and Mortgage Escrows	122,267	-	218,589	62,132	-	402,988
Tenant Security Deposits	100	-	-	10,806	-	10,906
Accounts Receivable - Tenants	-	-	-	223	-	223
Accounts Receivable - Related Party	25,505	-	-	-	(21,037)	4,468
Accounts Receivable - Other	138,533	-	2,317	62	(4,224)	136,688
Prepaid Expenses	13,427	-	4,489	-	-	17,916
Notes Receivable, Current Maturities	25,941	-	-	-	-	25,941
Total Current Assets	588,163	-	268,587	105,918	(25,261)	937,407
Property and Equipment						
Land and Site Improvements	996,793	-	262,439	-	-	1,259,232
Buildings Held for Rent	2,304,879	-	3,668,196	2,648,641	(229,567)	8,392,149
Furniture and Equipment	142,890	-	139,182	5,299	-	287,371
Motor Vehicles	127,076	-	-	-	-	127,076
Construction in Progress	20,500	-	-	-	-	20,500
Development in Progress	72,480	-	-	-	-	72,480
Total	3,664,618	-	4,069,817	2,653,940	(229,567)	10,158,808
Accumulated Depreciation	477,020	-	1,352,908	250,906	-	2,080,834
Total Property and Equipment	3,187,598	-	2,716,909	2,403,034	(229,567)	8,077,974
Other Assets						
Investments in Affiliates	(108)	(108)	-	-	216	-
Deferred Financing Fees, Net	82,521	-	21,730	-	-	104,251
Development Fee Receivable	383,475	-	-	-	(383,475)	-
Notes Receivable, Less Current Maturities	270,331	-	-	-	-	270,331
Total Other Assets	736,219	(108)	21,730	-	(383,259)	374,582
TOTAL ASSETS	\$ 4,511,980	\$ (108)	\$ 3,007,226	\$ 2,508,952	\$ (638,087)	\$ 9,389,963
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts Payable	\$ 104,534	\$ -	\$ 17,564	\$ 9,955	\$ (3,028)	\$ 129,025
Accounts Payable - Related Party	-	-	21,037	1,196	(22,233)	-
Accrued Expenses	72,401	-	4,800	4,873	-	82,074
Accrued Interest	9,967	-	3,694	779	-	14,440
Tenant Security Deposits	7,111	-	-	9,459	-	16,570
Prepaid Rent	807	-	-	199	-	1,006
Deferred Revenue	8,457	-	-	-	-	8,457
Line of Credit	211,103	-	-	-	-	211,103
Current Portion of Long-Term Debt	40,105	-	20,649	30,547	-	91,301
Total Current Liabilities	454,485	-	67,744	57,008	(25,261)	553,976
Long-term Liabilities						
Long-term Debt	2,849,779	-	1,611,316	2,300,940	-	6,762,035
Development Fee Payable	-	-	383,475	-	(383,475)	-
Deferred Interest	-	-	746,048	-	-	746,048
Total Long-term Liabilities	2,849,779	-	2,740,839	2,300,940	(383,475)	7,508,083
TOTAL LIABILITIES	3,304,264	-	2,808,583	2,357,948	(408,736)	8,062,059
Minority Interest in Affiliate	-	-	198,751	-	-	198,751
NET ASSETS						
Unrestricted	1,139,232	(108)	(108)	151,004	(229,351)	1,060,669
Temporarily Restricted	68,484	-	-	-	-	68,484
Total Net Assets	1,207,716	(108)	(108)	151,004	(229,351)	1,129,153
TOTAL LIABILITIES AND NET ASSETS	\$ 4,511,980	\$ (108)	\$ 3,007,226	\$ 2,508,952	\$ (638,087)	\$ 9,389,963

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended December 31, 2011

	Harborlight Community Partners, Inc.	HLH Affordable Housing, Inc.	HLH Affordable Housing, LP	Whipple Annex Housing, LLC	Firehouse Place, Inc.	Eliminations	Totals
REVENUE							
Administrative Revenue	\$ 316,911	\$ -	\$ -	\$ -	\$ -	\$ (50,874)	\$ 266,037
Site Revenue	1,131,955	-	-	-	-	(108,557)	1,023,398
Service Revenue	636,366	-	-	-	-	-	636,366
Fundraising Revenue	298,387	-	-	-	255,000	-	553,387
Development Income	675,000	-	-	-	-	-	675,000
Interest Income	43,145	-	-	198	63	(23,967)	19,439
Other Income	67,242	-	400	-	-	(54,505)	13,137
TOTAL REVENUE	3,169,006	-	400	198	255,063	(237,903)	3,186,764
EXPENSES							
Administrative Expenses	89,741	-	-	433	-	-	90,174
Site Expenses	1,682,966	-	-	-	-	-	1,682,966
Service Expenses	617,238	-	-	-	-	-	617,238
Fundraising Expenses	129,779	-	-	-	-	-	129,779
TOTAL EXPENSES	2,519,724	-	-	433	-	-	2,520,157
RENTAL ACTIVITIES							
Rental and Other Income	-	-	372,952	136,405	1,999	-	511,356
Rental Expense	-	-	(549,564)	(181,638)	(13,544)	191,314	(553,432)
NET RENTAL ACTIVITIES	-	-	(176,612)	(45,233)	(11,545)	191,314	(42,076)
Loss on Investment in Affiliate	(18)	(18)	-	-	-	36	-
Minority Interest in Net Loss of Affiliate	-	-	176,194	-	-	-	176,194
Increase (Decrease) in Net Assets	649,264	(18)	(18)	(45,468)	243,518	(46,553)	800,725
Net Assets (Deficit), Beginning of Year	1,207,716	(108)	(108)	151,004	-	(229,351)	1,129,153
Net Assets (Deficit), End of Year	\$ 1,856,980	\$ (126)	\$ (126)	\$ 105,536	\$ 243,518	\$ (275,904)	\$ 1,929,878

HARBORLIGHT COMMUNITY PARTNERS, INC.
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended December 31, 2010

	Harborlight Community Partners, Inc.	HLH Affordable Housing, Inc.	HLH Affordable Housing, LP	Whipple Annex Housing, LLC	Eliminations	Totals
REVENUE						
Administrative Revenue	\$ 294,728	\$ -	\$ -	\$ -	\$ (49,991)	\$ 244,737
Site Revenue	757,291	-	-	-	(95,339)	661,952
Service Revenue	724,711	-	-	-	-	724,711
Fundraising Revenue	299,504	-	-	-	-	299,504
Interest Income	42,991	-	-	259	(20,952)	22,298
Forgiveness of Debt	53,798	-	-	-	-	53,798
Other Income	-	-	2,491	-	-	2,491
TOTAL REVENUE	2,173,023	-	2,491	259	(166,282)	2,009,491
EXPENSES						
Administrative Expenses	61,842	-	-	200	-	62,042
Site Expenses	1,253,290	-	-	-	-	1,253,290
Service Expenses	635,826	-	-	-	-	635,826
Fundraising Expenses	93,694	-	-	-	-	93,694
TOTAL EXPENSES	2,044,652	-	-	200	-	2,044,852
RENTAL ACTIVITIES						
Rental and Other Income	-	-	379,140	137,675	-	516,815
Rental Expense	-	-	(558,534)	(177,365)	174,198	(561,701)
NET RENTAL ACTIVITIES	-	-	(179,394)	(39,690)	174,198	(44,886)
Loss on Investment in Affiliate	(18)	(18)	-	-	36	-
Minority Interest in Net Loss of Affiliate	-	-	176,885	-	-	176,885
Increase (Decrease) in Net Assets	128,353	(18)	(18)	(39,631)	7,952	96,638
Net Assets (Deficit), Beginning of Year	1,079,363	(90)	(90)	190,635	(237,303)	1,032,515
Net Assets (Deficit), End of Year	\$ 1,207,716	\$ (108)	\$ (108)	\$ 151,004	\$ (229,351)	\$ 1,129,153

HARBORLIGHT COMMUNITY PARTNERS, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Current Assets		
Cash - Unrestricted	\$ 268,011	\$ 262,390
Cash - Reserves and Mortgage Escrows	951,181	122,267
Tenant Security Deposits	30,003	100
Accounts Receivable - Related Party	21,048	25,505
Accounts Receivable - Other	385,553	138,533
Prepaid Expenses	36,601	13,427
Notes Receivable, Current Maturities	<u>27,664</u>	<u>25,941</u>
Total Current Assets	<u>1,720,061</u>	<u>588,163</u>
Property and Equipment		
Land and Site Improvements	1,714,367	996,793
Buildings Held for Rent	4,998,520	2,304,879
Furniture and Equipment	153,199	142,890
Motor Vehicles	167,891	127,076
Construction in Progress	64,132	20,500
Development in Progress	<u>12,868</u>	<u>72,480</u>
Total	7,110,977	3,664,618
Less Accumulated Depreciation	<u>580,440</u>	<u>477,020</u>
Total Property and Equipment	<u>6,530,537</u>	<u>3,187,598</u>
Other Assets		
Investments in Affiliates	(126)	(108)
Deferred Financing Fees, Net	126,849	82,521
Development Fee Receivable	407,442	383,475
Notes Receivable, Less Current Maturities	<u>232,667</u>	<u>270,331</u>
Total Other Assets	<u>766,832</u>	<u>736,219</u>
TOTAL ASSETS	<u>\$ 9,017,430</u>	<u>\$ 4,511,980</u>

HARBORLIGHT COMMUNITY PARTNERS, INC.

STATEMENTS OF FINANCIAL POSITION
(Continued)

December 31, 2011 and 2010

LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 102,422	\$ 104,534
Accrued Expenses	76,254	72,401
Accrued Interest	17,190	9,967
Tenant Security Deposits	23,668	7,111
Prepaid Rent	-	807
Deferred Revenue	4,139	8,457
Line of Credit	231,000	211,103
Current Portion of Long-Term Debt	<u>83,977</u>	<u>40,105</u>
Total Current Liabilities	<u>538,650</u>	<u>454,485</u>
Long-term Liabilities		
Long-term Debt	<u>6,621,800</u>	<u>2,849,779</u>
Total Long-term Liabilities	<u>6,621,800</u>	<u>2,849,779</u>
TOTAL LIABILITIES	<u>7,160,450</u>	<u>3,304,264</u>
NET ASSETS		
Unrestricted	1,226,711	1,139,232
Temporarily Restricted	<u>630,269</u>	<u>68,484</u>
Total Net Assets	<u>1,856,980</u>	<u>1,207,716</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,017,430</u>	<u>\$ 4,511,980</u>

HARBORLIGHT COMMUNITY PARTNERS, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Revenue		
Administrative Revenue	\$ 316,911	\$ 294,728
Site Revenue	1,131,955	757,291
Service Revenue	636,366	724,711
Fundraising Revenue	298,387	299,504
Development Income	675,000	-
Interest Income	43,145	42,991
Forgiveness of Debt	-	53,798
Other Income	67,242	-
Total Revenue	<u>3,169,006</u>	<u>2,173,023</u>
Expenses		
Administrative Expenses	89,741	61,842
Site Expenses	1,682,966	1,253,290
Service Expenses	617,238	635,826
Fundraising Expenses	129,779	93,694
Total Expenses	<u>2,519,724</u>	<u>2,044,652</u>
Loss on Investment in Affiliate	<u>(18)</u>	<u>(18)</u>
Change in Net Assets	649,264	128,353
Net Assets, Beginning of Year	<u>1,207,716</u>	<u>1,079,363</u>
Net Assets, End of Year	<u>\$ 1,856,980</u>	<u>\$ 1,207,716</u>