

HABITAT FOR HUMANITY GREATER BOSTON, INC.

Financial Statements  
JUNE 30, 2012  
(With Comparative Totals for 2011)



SANDBERG & CREEDEN, P.C.  
*Certified Public Accountants*

*331 Page Street  
Stoughton, MA 02072*

HABITAT FOR HUMANITY GREATER BOSTON, INC.

FINANCIAL STATEMENTS  
JUNE 30, 2012  
(WITH COMPARATIVE TOTALS FOR 2011)

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

Independent Auditor's Report

We have audited the accompanying financial statements of Habitat for Humanity Greater Boston, Inc., which comprise the statement of financial position as of June 30, 2012, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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 from material misstatement.

As audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair representation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**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, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the Habitat for Humanity Greater Boston, Inc.'s 2011 financial statements, and our report dated April 6, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.



SANDBERG & CREEDEN, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
May 8, 2013



HABITAT FOR HUMANITY GREATER BOSTON, INC.

STATEMENT OF FINANCIAL POSITION  
 JUNE 30, 2012  
 (WITH COMPARATIVE TOTALS FOR 2011)

<u>ASSETS</u>		
	<u>2012</u>	<u>2011</u>
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 132,811	\$ 353,917
Pledges receivable	340,773	480,881
Prepaid expenses and other current assets	41,259	51,913
Current portion of note receivable	3,079	3,325
Current portion of mortgage and notes receivable	<u>298,614</u>	<u>279,945</u>
Total current assets	816,536	1,169,981
<b><u>Property and Equipment</u></b>		
Office equipment	33,547	33,547
Leasehold improvements	229,289	229,289
Furniture and equipment	18,570	18,570
Vehicle	<u>22,500</u>	<u>          </u>
Subtotal	303,906	281,406
Less: accumulated depreciation	<u>91,167</u>	<u>51,007</u>
Total property and equipment	212,739	230,399
<b><u>Other Assets</u></b>		
Long term pledges receivable – net of discount	19,333	39,333
Note receivable – net of current portion	166,674	169,468
Mortgage and notes receivable - net of current portion	5,110,867	4,678,037
Housing-land and construction in progress	2,285,831	2,507,016
Security deposits	31,592	31,592
Other deposit	<u>13,000</u>	<u>13,000</u>
Total other assets	<u>7,627,297</u>	<u>7,438,446</u>
<b><u>Total Assets</u></b>	<b><u>\$ 8,656,572</u></b>	<b><u>\$ 8,838,826</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accrued expenses and accounts payable	\$ 165,867	\$ 98,158
Down payment deposits	10,685	6,325
Deposit	10,000	
Notes payable - current portion	<u>263,263</u>	<u>251,746</u>
Total current liabilities	449,815	356,229
<b><u>Long-Term Liabilities</u></b>		
Notes payable - net of current portion	<u>1,112,831</u>	<u>1,174,739</u>
Total long-term liabilities	1,112,831	1,174,739
<b><u>Net Assets</u></b>		
Unrestricted	6,787,800	6,809,526
Temporarily restricted	<u>306,126</u>	<u>498,332</u>
Total net assets	<u>7,093,926</u>	<u>7,307,858</u>
<b><u>Total Liabilities and Net Assets</u></b>	<b><u>\$ 8,656,572</u></b>	<b><u>\$ 8,838,826</u></b>

See accompanying notes and Independent Auditors' Report.



HABITAT FOR HUMANITY GREATER BOSTON, INC.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012  
(WITH COMPARATIVE TOTALS FOR 2011)

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
<b><u>Support and Revenue</u></b>				
Contributions and grants	\$ 592,548	\$ 489,694	\$ 1,082,242	\$ 1,270,413
Inkind contributions	377,691		377,691	363,397
Special events	217,700		217,700	160,107
Released from restriction	681,900	(681,900)		
Restore	228,093		228,093	44,951
Interest/dividend income	10,403		10,403	703
Sale of property	700,000		700,000	370,000
Other income	156,528		156,528	112,481
<b><u>Total Support and Revenue</u></b>	<b>2,964,863</b>	<b>(192,206)</b>	<b>2,772,657</b>	<b>2,322,052</b>
<b><u>Expenses</u></b>				
Program services				
Family services expenses	149,705		149,705	185,444
Pre/post conveyance expenses	1,805,795		1,805,795	1,776,083
Restore	499,681		499,681	248,007
Total program services	2,454,676		2,454,676	2,209,534
General and administrative	244,761		244,761	164,166
Fundraising	286,647		286,647	316,999
<b><u>Total Expenses</u></b>	<b>2,986,589</b>		<b>2,986,589</b>	<b>2,690,699</b>
<b><u>Change in Net Assets</u></b>	<b>(21,726)</b>	<b>(192,206)</b>	<b>(213,932)</b>	<b>(368,647)</b>
<b><u>Net Assets - Beginning of Year</u></b>	<b>6,809,526</b>	<b>498,332</b>	<b>7,307,858</b>	<b>7,676,505</b>
<b><u>Net Assets - End of Year</u></b>	<b>\$ 6,787,800</b>	<b>\$ 306,126</b>	<b>\$ 7,093,926</b>	<b>\$ 7,307,858</b>

See accompanying notes and Independent Auditors' Report.





**HABITAT FOR HUMANITY BOSTON, INC.**  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED JUNE 30, 2012  
 (With Comparative Totals for 2011)

	2012					2011	
	Family Services Expenses	Pre/Post Conveyance Expenses	Restore	Total Program Expenses	General and Administrative Expenses	Fundraising Expenses	Total
Salaries	\$ 81,678	\$ 314,469	\$ 104,971	\$ 501,118	\$ 73,042	\$ 127,563	\$ 701,723
Payroll Tax	8,917	28,574	9,655	47,146	5,966	11,624	64,736
Benefits	13,569	27,683	7,564	48,816	1,640	21,567	72,023
Salaries and related expense	<u>104,164</u>	<u>370,726</u>	<u>122,190</u>	<u>597,080</u>	<u>80,648</u>	<u>160,754</u>	<u>838,482</u>
Advertising	70	130	6,059	6,259	105	320	6,684
Applicant costs	1,692	74	1,766	1,766	515	2,281	9,612
Bank Charges	1,786	81	3,595	5,381	1,778	7,159	3,234
Bonds & permits	100	48,734	864	1,045	81,707	9,964	1,045
Consultants	2,302	1,144,255	229,661	229,661	33,446	229,661	142,707
Cost of Goods Sold	2,136	2,289	4,425	4,425	1,144,255	1,144,255	44,951
Cost of homes sold	757	9,607	1,911	11,518	1,282	2,289	40,160
Depreciation	6,398	43,955	3,363	6,398	7,031	1,261	1,282
Dues, fees and subscriptions	727	416	895	4,506	893	352	12,779
Equipment rental	4,334	5,265	895	10,494	2,898	3,371	13,429
Insurance	558	1,714	479	2,751	330	644	43,955
Interest	991	1,407	2,398	2,398	435	10,753	5,352
Miscellaneous	83	577	660	660	2,826	35,160	7,511
Office supplies	21,649	23,921	94,458	23,921	12,690	15,596	23,921
Payroll services	83	29,209	1,968	145,316	37	99	173,602
Postage	30,000	3,703	1,440	5,754	30,000	5,890	30,000
Printing	9,339	9,339	2,490	10,779	36,518	10,779	10,779
Professional fees	115	3,226	5,831	5,831	5,831	36,518	36,518
Real estate taxes	38,295	38,295	2,490	5,831	38,295	5,831	5,831
Rent	6,912	6,912	10,843	17,755	17,755	38,295	38,295
Repairs and maintenance	2,679	6,499	2,289	11,467	1,250	2,244	17,755
Security	4,933	11,653	369	16,955	4,382	6,806	14,961
Site cleaning and disposal	546	6,380	16,807	23,733	236	506	28,143
Special events	<u>149,705</u>	<u>1,805,290</u>	<u>499,681</u>	<u>2,454,676</u>	<u>244,761</u>	<u>287,152</u>	<u>2,986,589</u>
Supplies	115	3,226	5,831	5,831	244,761	287,152	244,761
Tithe expense	38,295	38,295	2,490	5,831	38,295	5,831	38,295
Truck expenses	6,912	6,912	10,843	17,755	17,755	38,295	38,295
Telephone	2,679	6,499	2,289	11,467	1,250	2,244	17,755
Travel	4,933	11,653	369	16,955	4,382	6,806	14,961
Utilities	546	6,380	16,807	23,733	236	506	28,143
Total	<u>\$ 149,705</u>	<u>\$ 1,805,290</u>	<u>\$ 499,681</u>	<u>\$ 2,454,676</u>	<u>\$ 244,761</u>	<u>\$ 287,152</u>	<u>\$ 2,986,589</u>
							<u>\$ 648,070</u>
							62,191
							65,228
							<u>775,489</u>

See accompanying notes and Independent Auditors' Report.

HABITAT FOR HUMANITY GREATER BOSTON, INC.

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012  
(WITH COMPARATIVE TOTALS FOR 2011)

	<u>2012</u>	<u>2011</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Change in net assets	\$ (213,932)	\$ (368,647)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	40,160	20,772
Donated construction costs		(217,504)
Imputed interest expense	(156,528)	(112,481)
(Increase) in:		
Pledges receivable	160,108	(171,842)
Prepaid expenses and other current assets	10,654	(3,261)
Increase (decrease) in:		
Accrued expenses and accounts payable	67,709	10,891
Deposits and escrows	<u>4,360</u>	<u>1,149</u>
<b><u>Net Cash (Used) by Operating Activities</u></b>	<u>(87,469)</u>	<u>(840,923)</u>
<b><u>Cash Flows From Investing Activities</u></b>		
Purchase of fixed assets	(22,500)	(236,094)
Refund deposit		(33,964)
Construction of housing and improvements	221,185	696,698
Collection of notes receivable	3,040	1,131
Mortgage receivable from sale of housing and property	(688,450)	(361,547)
Collection of Mortgage notes receivable	393,479	294,726
Land purchase deposit	<u>10,000</u>	<u>          </u>
<b><u>Net Cash Provided (Used) in Investing Activities</u></b>	<u>(83,246)</u>	<u>360,950</u>
<b><u>Cash Flows From Financing Activities</u></b>		
Principal payments on notes and loans	<u>(50,391)</u>	<u>304,146</u>
<b><u>Net Cash Provided (Used) in Financing Activities</u></b>	<u>(50,391)</u>	<u>304,146</u>
<b><u>(Decrease) in Cash and Cash Equivalents</u></b>	(221,106)	(175,827)
<b><u>Cash and Cash Equivalents - Beginning of Year</u></b>	<u>353,917</u>	<u>529,744</u>
<b><u>Cash and Cash Equivalents - End of Year</u></b>	<u>\$ 132,811</u>	<u>\$ 353,917</u>
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest paid	<u>\$ 43,955</u>	<u>\$ 16,728</u>

See accompanying notes and Independent Auditors' Report.



# HABITAT FOR HUMANITY GREATER BOSTON, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

### **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.

In 2011, the Organization opened up the Habitat ReStore. The Habitat ReStore is a retail business that accepts donations of new and gently-used building materials, furniture, appliances, and housewares and resells them to the general public through a retail storefront warehouse. ReStores help to protect the environment by keeping hundreds of tons of material out of our landfills and in this tight economy they provide a low-cost outlet for home improvement materials making home renovations and improvements more affordable.

### **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 2012 and 2011 and accordingly, these financials do not reflect any activity related to this class of net assets for 2012 and 2011.



HABITAT FOR HUMANITY GREATER BOSTON, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

(Continued)

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

- c. 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.
- d. 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.
- e. 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.
- f. 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.
- g. 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.
- 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, 2012

(Continued)

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

- i. 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.
- j. 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:

Professional fees (non-capital)	\$ 148,030
Cost of goods - ReStore	<u>229,661</u>
	<u>\$ 377,691</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.

- k. 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.
- l. 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.



HABITAT FOR HUMANITY GREATER BOSTON, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

(Continued)

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

- m. 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.
- n. Summarized Comparative Financial Statements  
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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

**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, 2012, 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**

Non-interest bearing cash accounts at banks have an unlimited coverage. Accounts that make in excess of .5% are insured up to \$250,000. As of June 30, 2012 the cash balance was fully insured.

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

**Note 5. Pledges Receivable**

At June 30, 2012 the Organization had pledged contributions as follows:

Due FY 2013	\$ 340,773
Due FY 2014	<u>20,000</u>
	360,773
Less discount	<u>667</u>
Total pledged receivables	<u>\$ 360,106</u>



HABITAT FOR HUMANITY GREATER BOSTON, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

(Continued)

**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	64
Units under renovation	4
Housing Units under Construction	<u>13</u>
Total	<u>81</u>

**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. On February 7, 2012 the Organization entered into an extension of the lease with a fixed monthly rental rate of \$5,463.64 through January 31, 2015, with a 5-year option to renew after that date. In addition they are responsible for 14% of their operating costs and real estate taxes. Total rent expense under this lease amounted to \$66,382 for 2012. Future minimum lease payments are as follows:

2013	\$ 67,893
2014	65,565
2015	38,248

On August 1, 2010, the Organization entered into an agreement for the third floor at 240 Commercial Street as a tenant-at-will basis. Rent is stated at \$600 per month with a 60 day notice to quit. Total rent expenses under this lease amounted to \$7,200 for 2012.

On September 1, 2010, the Organization entered into a 5 year lease agreement for the located of the ReStore. The lease required \$8,489 upon the execution of the lease, \$4,245 for the first month's rent and \$4,245 which will be held as a security deposit that will be refunded to the Organization at the end of the lease. In addition, the Organization shall pay the real estate taxes levied against the land and building, and the cost of the insurance premiums on the Building and Shopping Center. Total rent expense under this lease amounted to \$86,239 for 2012. Future minimum lease payment are as follows:

2013	\$ 61,548
2014	63,670
2015	63,670
2016	10,612



HABITAT FOR HUMANITY GREATER BOSTON, INC.

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2012  
 (WITH COMPARATIVE TOTALS FOR 2010)

(Continued)

**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 was adjusted in FY2011. The note requires monthly payments plus interest adjusted annually each July with a balloon payment due July 2015. Payments are due as follows:

Period	Total Payments	Interest	Principal	Balance due
FY2013	\$ 14,844	\$ 11,765	\$ 3,079	\$ 166,390
FY2014	16,097	13,207	2,890	163,500
FY2015	17,355	14,603	2,752	160,748
FY2016	160,748		160,748	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	\$ 5,096,425
Imputed interest	<u>313,056</u>
Net present value of mortgage notes	<u>\$ 5,409,481</u>
Current portion	\$ 298,614
Long-term portion	<u>5,110,867</u>
Total	<u>\$ 5,409,481</u>

Estimated principal payments for the next five years:

2013	\$ 298,614
2014	303,933
2015	296,703
2016	288,758
2017	277,763
Thereafter	3,943,710



HABITAT FOR HUMANITY GREATER BOSTON, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

(Continued)

**Note 10. Temporarily Restricted**

Temporarily restricted net assets at June 30, 2012 consist of the following:

	<u>Total</u>
Foreclosure Intervention Time	\$ 39,332
Housing Development Time	<u>258,794</u>
Total	<u>\$ 298,126</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**

	<u>2012</u>		<u>2011</u>	
	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>	<u>Total</u>
<b><u>Habitat for Humanity International (FlexCap):</u></b>				
Loan pool to affiliates, secured by collateral assignments of mortgages on eight mortgage loans receivable dated 06/23/2011; totaling \$323,000; 4.95% interest; seven year term; quarterly payments of \$13,710 due June 2018.	\$ 41,797	\$ 241,584	\$ 283,381	\$ 323,000
<b><u>Dedham Institution for Savings:</u></b>				
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, 2014 at 3% maximum. In 2012, an additional \$190,000 was drawn down.	151,296	324,864	476,160	425,340
<b><u>Massachusetts Housing Finance Agency:</u></b>				
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 fully amortizing, final payment due May 2023.	21,258	79,020	100,278	121,486



HABITAT FOR HUMANITY GREATER BOSTON, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

(Continued)

**Note 12. Notes Payable**

	Short-Term	2012 Long-Term	Total	2011 Total
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.	41,412	467,363	508,775	549,159
<b>Lawrence Model Lodging Houses Trust</b> 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	\$ 263,263	\$ 1,112,831	\$ 1,376,094	\$ 1,426,485

Principal payments due over the next five years:

2013	\$ 263,263
2014	264,065
2015	277,984
2016	116,019
2017	109,132
Thereafter	345,631

**Note 13. Evaluation of Subsequent Events**

The Organization has evaluated subsequent events through July 31, 2013 the date the financial statements were available to be issued.

\$42,000 of the \$50,000 unconditional pledged contribution from the Boston University Campus Chapter has been determined to be uncollectable due to miscommunication between students who were graduating and those who took over leadership of the chapter. That adjustment was made to these financial statements.

The Organization also received the proceeds from an estate totaling approximately \$800,000. This is a one time gift received in fiscal year 2013.

