

HABITAT FOR HUMANITY
GREATER BOSTON, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2018 AND 2017

HABITAT FOR HUMANITY GREATER BOSTON, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2018 AND 2017

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	2
 FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses Year ended June 30, 2018.....	5
Statement of Functional Expenses Year ended June 30, 2017.....	6
Statements of Cash Flows	7
Notes to Financial Statements	8-20

CAIN, BOURRET, JARRY & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Stephen A. Cain, CPA
Steven R. Bourret, CPA
Renee B. Plummer, CPA

David A. Jarry, CPA, MST
Frederic G. Holdsworth, CPA
Kathleen M. Resmini, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of HABITAT FOR HUMANITY GREATER BOSTON, INC. (a Massachusetts not-for-profit corporation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 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 financial statements are free from material misstatement.

An 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 presentation 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, 2018 and 2017, changes in its net assets, functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Cain, Bourret, Jarry & Associates, LLC

Dracut, Massachusetts
March 23, 2019

HABITAT FOR HUMANITY GREATER BOSTON, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash	\$ 953,571	\$ 705,517
Cash - New Markets Tax Credit (NMTC)	559	11,516
Promises to give	228,080	373,564
Housing - land and construction in progress	655,339	746,442
Inventory - Restore	238,424	179,238
Prepaid expenses	938	400
Current portion of mortgages receivable	343,227	306,816
Total Current Assets	2,420,138	2,323,493
PROPERTY AND EQUIPMENT		
Leasehold improvements	49,724	49,724
Office equipment	35,831	35,831
Furniture and fixtures	18,570	18,570
Vehicles	22,500	22,500
Less: accumulated depreciation	(83,288)	(75,958)
Net Property and Equipment	43,337	50,667
OTHER ASSETS		
Note receivable	257,461	164,134
Loan receivable	17,216	2,891
Mortgages receivable, net of current portion	5,005,265	4,922,280
Investment in NMTC	1,925,054	1,925,054
Closing costs and fees, net of accumulated amortization of \$62,048 and \$48,260 for 2018 and 2017 - NMTC (Note 2)	128,585	142,373
Security deposits	60,628	60,628
Audit and tax fee reserve fund - NMTC (Note 12)	20,361	28,507
Flexcap Note reserve	13,720	13,720
Total Other Assets	7,428,290	7,259,587
TOTAL ASSETS	\$ 9,891,765	\$ 9,633,747
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of credit	\$ 65,055	\$ 93,694
Accounts payable and accrued expenses	124,403	152,480
Agency accounts	1,817	2,222
Notes payable, current portion	98,595	95,534
Total Current Liabilities	289,870	343,930
LONG-TERM LIABILITIES		
Massachusetts Housing Finance Authority loan, net of current portion	195,961	244,065
FlexCap Note Payable	79,510	130,046
Citibank NMTC Loan - NMTC (Note 12)	2,660,790	2,660,790
Total Long-Term Liabilities	2,936,261	3,034,901
TOTAL LIABILITIES	3,226,131	3,378,831
NET ASSETS		
Unrestricted	6,411,834	5,978,516
Temporarily restricted	253,800	276,400
Total Net Assets	6,665,634	6,254,916
TOTAL LIABILITIES AND NET ASSETS	\$ 9,891,765	\$ 9,633,747

HABITAT FOR HUMANITY GREATER BOSTON, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

(With Summarized Financial Information for the Year Ended June 30, 2017)

	Unrestricted	Temporarily Restricted	2018	2017
SUPPORT AND REVENUES				
Support				
Contributions	\$ 1,000,918	\$ 65,000	\$ 1,065,918	\$ 1,180,143
Grants	5,000	53,800	58,800	68,900
Donated services and materials	1,310,992	-	1,310,992	821,240
Special events, net	314,067	-	314,067	259,384
ReStore revenue	1,000,765	-	1,000,765	667,926
Net assets released from restrictions				
Satisfaction of program/donor restrictions	141,400	(141,400)	-	-
Total support	3,773,142	(22,600)	3,750,542	2,997,593
Revenues				
Sale of homes	650,000	-	650,000	900,000
Mortgage discount amortization	103,488	-	103,488	92,456
Miscellaneous income	12,197	-	12,197	14,449
Interest income	43,686	-	43,686	20,719
Total revenues	809,371	-	809,371	1,027,624
TOTAL SUPPORT AND REVENUES	4,582,513	(22,600)	4,559,913	4,025,217
FUNCTIONAL EXPENSES				
Program service expenses - family services	386,321	-	386,321	479,026
Program service expenses - pre/post conveyance	1,517,517	-	1,517,517	1,554,256
Program service expenses - ReStore	1,839,022	-	1,839,022	1,454,145
General and administrative	159,261	-	159,261	169,009
Fundraising expenses	330,658	-	330,658	329,175
TOTAL FUNCTIONAL EXPENSES	4,232,779	-	4,232,779	3,985,611
CHANGES IN NET ASSETS	349,734	(22,600)	327,134	39,606
NET ASSETS, BEGINNING OF YEAR	5,978,516	276,400	6,254,916	6,215,310
Prior period adjustments	83,584	-	83,584	-
NET ASSETS, END OF YEAR	\$ 6,411,834	\$ 253,800	\$ 6,665,634	\$ 6,254,916

See independent auditor's report and notes to financial statements

HABITAT FOR HUMANITY GREATER BOSTON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	2018						
	Program Services				Supporting Services		Totals
	Family Services	Cost of Homes Sold and Program Support	ReStore	Total Program Expenses	General and Administrative Expenses	Fundraising Expenses	
Salaries	\$ 112,923	\$ 266,743	\$ 357,598	\$ 737,264	\$ 86,081	\$ 195,388	\$ 1,018,733
Payroll taxes	9,886	23,450	31,406	64,742	7,392	16,845	88,979
Benefits	<u>5,942</u>	<u>25,999</u>	<u>15,073</u>	<u>47,014</u>	<u>3,010</u>	<u>9,375</u>	<u>59,399</u>
Salaries and related expenses	128,751	316,192	404,077	849,020	96,483	221,608	1,167,111
Advertising	-	428	5,463	5,891	-	420	6,311
Americorps	-	13,358	-	13,358	-	-	13,358
Amortization closing costs	-	13,789	-	13,789	-	-	13,789
Applicant costs	9,516	-	-	9,516	-	-	9,516
Bank charges	-	-	26,132	26,132	5,064	-	31,196
Bonds and permits	-	7,264	-	7,264	-	-	7,264
Conferences	407	562	-	969	54	1,360	2,383
Consultants	17,650	38,518	-	56,168	-	49,200	105,368
Cost of goods sold	-	-	12,861	12,861	-	-	12,861
Cost of homes sold	-	640,970	-	640,970	-	-	640,970
Depreciation	-	-	7,330	7,330	-	-	7,330
Dues, fees and subscriptions	-	25,500	-	25,500	-	-	25,500
Equipment rental	1,303	5,665	9,125	16,093	-	-	16,093
Insurance	-	15,523	-	15,523	-	-	15,523
Interest	-	43,330	-	43,330	-	-	43,330
Mortgage discount expense	195,271	-	-	195,271	-	-	195,271
Office expenses and supplies	3,946	4,150	6,479	14,575	7,428	4,239	26,242
Payroll services	785	2,553	1,630	4,968	465	1,113	6,546
Postage	962	1,415	-	2,377	545	4,204	7,126
Printing	307	2,161	-	2,468	3,669	16,366	22,503
Professional fees	-	-	-	-	31,438	-	31,438
Real estate taxes	-	3,787	-	3,787	-	-	3,787
Rent	16,128	27,089	286,139	329,356	9,408	20,832	359,596
Repairs and maintenance	-	1,094	1,109	2,203	-	-	2,203
Site cleaning and disposal	-	10,224	53,215	63,439	-	-	63,439
Tithe expenses	-	43,351	-	43,351	-	-	43,351
Truck expenses	-	1,876	44,869	46,745	-	-	46,745
Telephone and information technology	2,934	3,823	2,979	9,736	1,834	4,042	15,612
Travel	6,483	24,075	5,980	36,538	1,777	4,848	43,163
Utilities	1,878	3,736	30,055	35,669	1,096	2,426	39,191
	<u>\$ 386,321</u>	<u>\$ 1,250,433</u>	<u>\$ 897,443</u>	<u>\$ 2,534,197</u>	<u>\$ 159,261</u>	<u>\$ 330,658</u>	<u>\$ 3,024,116</u>
Donated services and goods:							
ReStore gifts in-kind	-	-	941,579	941,579	-	-	941,579
Professional fees	-	267,084	-	267,084	-	-	267,084
	<u>-</u>	<u>267,084</u>	<u>941,579</u>	<u>1,208,663</u>	<u>-</u>	<u>-</u>	<u>1,208,663</u>
Total	<u>\$ 386,321</u>	<u>\$ 1,517,517</u>	<u>\$ 1,839,022</u>	<u>\$ 3,742,860</u>	<u>\$ 159,261</u>	<u>\$ 330,658</u>	<u>\$ 4,232,779</u>

HABITAT FOR HUMANITY GREATER BOSTON, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

	2017						Totals
	Program Services			Supporting Services			
	Family Services	Cost of Homes Sold and Program Support	ReStore	Total Program Expenses	General and Administrative Expenses		
Salaries	\$ 110,944	\$ 376,538	\$ 306,269	\$ 793,751	\$ 78,728	\$ 175,313	\$ 1,047,792
Payroll taxes	9,778	33,452	27,569	70,799	7,021	15,665	93,485
Benefits	8,888	29,633	17,741	56,262	5,475	12,097	73,834
Salaries and related expenses	129,610	439,623	351,579	920,812	91,224	203,075	1,215,111
Advertising	-	90	2,227	2,317	90	-	2,407
Americorps	-	31,772	-	31,772	-	-	31,772
Amortization closing costs	-	13,789	-	13,789	-	-	13,789
Applicant costs	6,130	-	-	6,130	-	-	6,130
Bank charges	-	-	16,973	16,973	4,665	-	21,638
Bonds and permits	-	10,071	-	10,071	-	-	10,071
Conferences	411	1,031	-	1,442	127	1,421	2,990
Consultants	28,303	2,568	-	30,871	4,452	66,333	101,656
Cost of goods sold	-	-	11,914	11,914	-	-	11,914
Cost of homes sold	-	718,426	-	718,426	-	-	718,426
Depreciation	-	-	18,614	18,614	-	-	18,614
Dues, fees and subscriptions	-	26,000	-	26,000	-	-	26,000
Equipment rental	-	8,532	476	9,008	-	901	9,909
Insurance	-	12,133	-	12,133	-	-	12,133
Interest	-	46,854	-	46,854	-	-	46,854
Mortgage discount expense	282,801	-	-	282,801	-	-	282,801
Office expenses and supplies	3,161	4,851	4,211	12,223	4,842	4,156	21,221
Payroll services	693	2,252	1,411	4,356	404	1,014	5,774
Postage	819	1,400	-	2,219	1,394	5,777	9,390
Printing	179	165	-	344	2,792	12,190	15,326
Professional fees	-	70	-	70	44,045	-	44,115
Real estate taxes	-	3,859	-	3,859	-	-	3,859
Rent	16,128	25,307	247,675	289,110	9,408	20,832	319,350
Repairs and maintenance	-	14,634	3,895	18,529	-	-	18,529
Site cleaning and disposal	-	9,335	31,532	40,867	-	-	40,867
Tithe expenses	-	41,122	-	41,122	-	-	41,122
Truck expenses	-	7,745	29,001	36,746	-	-	36,746
Telephone and information technology	2,651	3,557	2,970	9,178	2,038	3,797	15,013
Travel	6,613	23,281	2,853	32,747	2,637	7,707	43,091
Utilities	1,527	4,632	45,290	51,449	891	1,972	54,312
Loss on closing of store, net	-	-	43,142	43,142	-	-	43,142
	<u>\$ 479,026</u>	<u>\$ 1,453,098</u>	<u>\$ 813,763</u>	<u>\$ 2,745,887</u>	<u>\$ 169,009</u>	<u>\$ 329,175</u>	<u>\$ 3,244,071</u>
Donated services and goods:							
ReStore gifts in-kind	-	-	640,382	640,382	-	-	640,382
Professional fees	-	101,158	-	101,158	-	-	101,158
	<u>-</u>	<u>101,158</u>	<u>640,382</u>	<u>741,540</u>	<u>-</u>	<u>-</u>	<u>741,540</u>
Total	<u>\$ 479,026</u>	<u>\$ 1,554,256</u>	<u>\$ 1,454,145</u>	<u>\$ 3,487,427</u>	<u>\$ 169,009</u>	<u>\$ 329,175</u>	<u>\$ 3,985,611</u>

HABITAT FOR HUMANITY GREATER BOSTON, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ 327,134</u>	<u>\$ 39,606</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,330	18,614
Amortization	13,789	13,789
Donated professional fees	43,143	153,315
Mortgage amortization income	(103,488)	(92,456)
Imputed interest expense	195,271	282,801
Interest income - note receivable	(23,075)	-
Loss on closing prior Restore location	-	43,142
Decrease (increase) in assets:		
Accounts receivable	-	359
Promises to give	145,484	(137,361)
Inventory - Restore	(59,186)	(27,543)
Prepaid expenses and other current assets	(538)	3,447
Loan receivable	(993)	(2,891)
Security deposits	-	(45,756)
Audit and tax fee reserve fund	8,146	8,145
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(28,077)	40,307
Agency accounts	(405)	(354)
Net Cash Provided by Operating Activities	<u>524,535</u>	<u>297,164</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction of housing and improvements	(574,886)	(737,222)
Collection of mortgage notes receivable	433,580	413,110
Purchase of property and equipment	-	(51,998)
Increase (decrease) in cash required for NMTC	(10,957)	(8,148)
Net Cash Used in Investing Activities	<u>(152,263)</u>	<u>(384,258)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(124,218)	(143,821)
NET DECREASE IN CASH AND CASH EQUIVALENTS	248,054	(230,915)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>705,517</u>	<u>936,432</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 953,571</u>	<u>\$ 705,517</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	<u>\$ 43,330</u>	<u>\$ 46,854</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:		
Sale of housing and property financed with mortgage receivable	<u>\$ 650,000</u>	<u>\$ 900,000</u>

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Note 1. ORGANIZATION AND PURPOSE

Habitat for Humanity Greater Boston, Inc. (the Organization) 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. The Organization'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 and provides the family with a no-interest mortgage loan. The Organization 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.

The Organization's program divisions are as follows:

Family services: The Family Service division interacts with applicants for the Habitat homeowner program and assists the Family Selection Committee with the family selection process. It also monitors the "sweat equity" program and conducts a series of education classes on topics relating to homeownership, including budgeting, credit and financial management, condominium associations, home repairs and legal matters. Existing Habitat families with financial problems receive credit counseling and when appropriate, referrals to other social service programs. The Organization also helps families living in condominium associations communicate effectively with each other so they can manage the association's finances. In addition, the Organization promotes energy efficiency and monitors those Habitat projects where solar energy panels have been installed.

Construction and Sale of Habitat Homes: The Organization builds homes in partnership with low-income families, volunteers and donors. The division identifies and acquires land for projects, works with architects on the design of homes and with lawyers on permitting and real estate documentation. It also obtains permits for projects and functions as a general contractor during construction, including procuring construction materials and managing subcontractors.

ReStore Operations: In 2011 the Organization opened up its Habitat ReStore. The 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 store front warehouse. The Habitat ReStore helps to protect the environment by keeping hundreds of tons of material out of our landfills and provides a low-cost outlet for home improvement materials, and making home renovations and improvements more affordable.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift is received, the amount is reported as unrestricted revenues. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets – The Organization reports assets whose use is not restricted by donors as unrestricted net assets. Contributions are available for unrestricted use unless specifically restricted by the donor.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Temporarily restricted net assets – The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. Contributions restricted for capital improvements are released to unrestricted revenue at the time funds are expended for the specified improvement.
- Permanently restricted net assets – Permanently restricted net assets are those which are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and only the income can be utilized for purposes specified by the donor.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents for the years ended June 30, 2018 and 2017.

Pledges and Other Receivables

Receivables, other than mortgages, are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a charge to expense, based on its assessment of the current status of individual accounts. All receivables are deemed to be collectible at June 30, 2018 and 2017.

Promises to Give

Unconditional promises to give are recognized as assets, net of allowances, and as revenue in the period in which the promises are made. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and when the promises become unconditional. Unconditional promises to give are recorded, in the year received, at the present value of estimated future cash flows using a risk adjusted discount rate. Amortization of the discount is included in contribution revenue.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collection trends that differ from scheduled collections on individual promises. As of June 30, 2018 and 2017, management has determined any allowance would be immaterial.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgage Receivables

The Organization 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. The Organization takes back a non-interest bearing note and the note is secured by a first mortgage on the home. The Organization takes a second note, secured by a second mortgage, for the difference between the first note and the home's fair market value as determined by an independent appraisal. The first note receivable is then discounted in accordance with Internal Revenue Code Section 1288. The discounted amount, which represents the underlying mortgage receivable, is recorded at its face value less the calculated discount. The Organization utilizes the rates determined by the applicable long-term Federal Funds rate in effect as of the date of transfer to the homeowner. The mortgages have an original maturity of 20 to 35 years and arise in connection with the Organization's homebuilding initiatives in Greater Boston. These mortgages are secured by the underlying real estate that is located in the Greater Boston area.

The underlying real estate is transferred to the homeowner at fair market value. The fair value of the homes are equal to the related mortgage note balances, and due to the secured creditor status of the Organization all mortgage balances are deemed fully collectible. The Organization believes that no allowance for doubtful accounts is necessary.

Inventory

Inventory consists of donated building supplies and other home improvement items to be sold at the Organization's ReStore. Purchased inventory is valued at cost. Donated inventory is calculated using a three month average of sales. At June 30, 2018 and 2017 inventory was valued at \$238,424 and \$179,238, respectively.

House Construction in Progress

Property held for development consists of costs to develop homes for projects located in Massachusetts. Property held for development is recorded on the cost method. Costs associated with the acquisition, development, and construction of property including property taxes, interest, and associated general and administrative costs are capitalized as a cost of the property, and are reported net of contingent liabilities.

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the property and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2018 and 2017.

As of June 30, 2018 and 2017, the Organization had 5 properties held for development.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment purchased by the Organization with unrestricted funds are recorded at cost. Donated property and equipment is recorded at fair value at the date of the gift. Depreciation is provided for in amounts sufficient to amortize the cost of depreciable assets to operations over their estimated service lives. Improvements, including planned major maintenance activities are capitalized, while expenditures for routine maintenance and repairs are charged to expense as incurred. When assets are sold or are otherwise disposed of, the appropriate cost and related accumulated depreciation amounts are removed from the accounts, and any gain or loss is included in the change in net assets.

The Organization computes depreciation using the straight-line method over the following estimated lives:

Leasehold improvements	7 years
Office equipment	5 years
Furniture and equipment	7 years
Vehicle	5 years

Compensated Absences

Employees of the Organization are entitled to paid vacation, sick days, and other personal days off, depending on job classification, length of service, and other factors. Any unused vacation days or personal days will not be carried from one calendar year to the next and employees are not entitled to compensation for any accrued but unused vacation or personal days. Unused sick days are cumulative and may be carried from one year to the next up to a maximum of 60 days; however, employees are not entitled to compensation for any accumulated but unused sick leave.

Revenues and Support Recognition

Transfer to Homeowners

Mortgage income includes the annual amortization of the discount for the present time value of money on the primary mortgage and recognition for the release of the contingent mortgage (See Note 7) upon the premature sale by a homeowner.

Contributions and Contributed Services

Contributions are recognized as revenue in the period received. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved.

Contributions received with donor-imposed restrictions that will lapse are reported as temporarily restricted revenues when they are received. A reclassification to unrestricted net assets is made to reflect the expiration of such restrictions in the year the restriction is met. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as unrestricted.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as unrestricted revenues. Contributions of cash or other assets to be used to acquire property and equipment with donor stipulations are reported as temporarily restricted revenues, and the restrictions are considered to be released at the time of acquisition of such long-lived assets.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Support Recognition (Continued)

Contributions of services are reported as temporarily restricted revenues and expenses at the fair value of the services received only if the services create or enhance a non-financial asset or would typically need to be purchased by the Organization if they had not been provided by individuals with those skills. A substantial number of volunteers have made significant contributions of their time to the Organization's program of building and rehabbing houses, and other supporting services. The value of this contributed time is not reflected in these financial statements since it does not require a specialized skill. However, certain other contributed services that require specialized skills, such as design work, legal services, plumbing, HVAC and electrical work are provided by individuals possessing those skills and/or licenses that would otherwise need to be purchased if not provided by donation are recognized as temporarily restricted revenue. Contributions of materials to be used in program operations are reported as revenues and expenses of the temporarily restricted net asset category at the time the materials are received.

Fundraising and Special Events

Special event revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special event contributions and fees are recognized as income when received. The majority of special event revenue is derived from one event, the American Dream Awards Breakfast.

ReStore Sales

Retail store sales represent merchandise sales of building materials, furniture, appliances, and housewares donated to the Organization. Retail store revenues are recognized when the related goods are sold. The Organization records sales taxes collected on these sales in ReStore Revenue.

Advertising

The Organization expenses advertising costs as they are incurred.

Income Taxes and Uncertain Tax Positions

The Organization is exempt from federal and state income taxation under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code and Section 830 CMR 63.38T.1 of Massachusetts General Laws. Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expenses. The Organization is not a private foundation. Only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal or state income tax. The Organization accounts for income taxes in accordance with income tax accounting guidance in FASB ASC Topic 740, *Income Taxes*. Management is not aware of any transactions that would negatively impact the Organization's tax-exempt status.

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. The Organization has determined whether any tax positions have met the recognition threshold and have measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Any interest or penalties assessed to the Organization would be recorded in operating expenses for the year. No interest or penalties from any tax authorities were recorded in the accompanying financial statements.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes and Uncertain Tax Positions (Continued)

The Organization's federal tax returns and state reports for the years ended June 30, 2016 through June 30, 2018 (open years) are subject to examination by the Internal Revenue Service and Massachusetts Attorney General's Office.

Fair Value of Financial Instruments

Generally accepted accounting principles establish a framework for measuring fair value.

Fair value is the amount that would be received to sell an asset, or paid to settle a liability, in an orderly transaction between market participants at the measurement date. Accounting principles require the use of observable market data, when available, in making fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization's financial instruments, none of which are held for trading purposes, consist primarily of cash, accounts payable and accrued expenses. The Organization estimates the carrying amount of these financial instruments approximate their fair value recorded in the accompanying financial statements due to their short-term nature.

The carrying amount of the Organization's mortgages receivable and debt generally approximates its fair value at June 30, 2018 and 2017 as the instruments current interest rate approximates market rates.

Functional Allocation of Expenses

The costs of providing various programs and other activities of the Organization have been summarized on a functional basis in the Statements of Activities and Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. Administration 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.

Contributed Services and Gifts in Kind

Donated materials are reported as contributions in the financial statements at their estimated fair values at the time of receipt. Donated services are similarly reported when services are performed, and which would otherwise have been purchased or performed by the Organization personnel.

In-kind contributed goods and services were recorded as follows:

	<u>2018</u>	<u>2017</u>
Professional fees (non-capital)	\$ 267,084	\$ 101,158
Professional fees (capital)	43,143	52,157
Donated goods – ReStore	<u>1,000,765</u>	<u>667,925</u>
	<u>\$ 1,310,992</u>	<u>\$ 821,240</u>

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific services related to the construction and development of the properties. However, the Organization determined it was not practical to quantify the value of these commercial services.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment in Partnership

Investments in partnerships or similar entities in which the Organization does not have a controlling financial interest are accounted for as equity method investments.

As of June 30, 2018 and 2017, the Organization has an investment in NFH Northeast 1 Leverage Lender, LLC (the LLC) which is accounted for under the equity method. Under the equity method, the investment is carried at cost and adjusted for the Organization's share of income, losses, additional investments and cash distributions from the limited liability company. As a member of the LLC, the Organization ceases recognition of losses for financial statement purposes once the cost of the investment is reduced to zero.

Declines in the fair value of the Organization's investment in the LLC below their carrying value that are deemed to be other than temporary are reflected in the statements of operations as an impairment loss. In estimating other than temporary impairment losses, management considers many factors which include: the length of time and the extent to which the fair value has been less than carrying value, the financial condition of the LLC, and the intent and ability of the Organization to retain its investment in the LLC for a period of time sufficient to allow for any anticipated recovery in fair value, as calculated based primarily on remaining tax benefits. There were no impairment losses recognized during the years ended June 30, 2018 and 2017.

Closing Costs and Fees

Closing costs and fees related to the New Markets Tax Credit (NMTC) financing, as disclosed in Note 12, are recorded at cost and amortized over the respective life of the related agreements using the straight line method, which approximates the effective interest method for purposes of the closing costs and servicing fees, as follows:

Closing costs and servicing fees	\$122,756	360 months
HGHI guarantor fee	164,654	84 months
Audit and tax fee reserve fund	57,017	84 months

Amortization expense amounted to \$13,789 for the years ended June 30, 2018 and 2017. Future amortization expense for financing and other fees owned at June 30, 2018 approximates \$13,800 for each of the next two years.

Note 3. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in bank accounts at high quality credit financial institutions. The balances, at times may exceed federally insured limits (FDIC). Pursuant to Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the standard maximum insurance amount was permanently raised to \$250,000. At June 30, 2018 and 2017 Habitat exceeded the FDIC insured limit by approximately \$827,700 and \$546,000, respectively. In addition, the financial institution is a Massachusetts chartered Savings Bank that maintains additional insurance through the Depositors Insurance Fund (DIF), a private industry sponsored insurance company. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. The Organization monitors the credit-worthiness of the financial institutions in which it deposits money.

The Organization's concentration of credit risk with respect to mortgages receivable depends on its partner families ability to repay, which may vary with economic conditions within this geographic area.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

Note 4. PROMISES TO GIVE

The Organization has received unconditional promises to give related to fundraising events. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be received more than a year after June 30, 2018 are recorded at the present value of their future cash flows using a risk adjusted discount rate.

As of June 30, 2018 and 2017, all promises to give were expected to be received in one year and any allowance or discount is expected to be immaterial and has not been recorded.

Note 5. NOTE RECEIVABLE

The Organization has a note receivable from an individual purchasing the commercial unit at Blue Hill Place in the original amount of \$177,267. 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 for the outstanding balance which was due July 2015. As of the date of the auditor's report, the note receivable balance remains outstanding. In management's opinion, the collateral is sufficient to enable the Organization to realize the amount due as the note receivable has no formal repayment plan in effect. Management has classified the note receivable as long-term on the accompanying statement of financial position. As of June 30, 2018, the interest rate was 14% and the note receivable balance due totaled \$257,461.

The Organization has a loan receivable with a homeowner at the Navarre Street Condominium Association. They have fallen behind on condominium fees and the Organization paid these fees in order to get the unit owners current. The loan is secured by the homeowner's property and is payable upon notice by the lender. As of June 30, 2018 and 2017 the loan receivable balance due totaled \$2,891.

The Organization has a loan receivable from a homeowner at the Quincy Street Condominium Association. They have fallen behind on condominium fees and Organization paid these fees in order to get the unit owners current. The loan is secured by the homeowner's property and is payable upon notice by the lender. As of June 30, 2018, the loan receivable balance due totaled \$14,325.

Note 6. MORTGAGES RECEIVABLE

Transfers to homeowners represent the sale of houses built by the Organization in exchange for mortgage notes with no interest. As discussed in Note 2 these mortgages are payable over 20 – 35 years and discounted for the present time value of money. Mortgage payments received after 30 days are considered late and subject to the Organization's delinquency policy. Notices of filing of foreclosure will be made if payments are 90 days delinquent, the homeowner is not on a Payment Plan and has not been granted a Grace Period. The Organization has a policy of working with homeowners to ensure that accounts are brought up to date and all remedies exhausted before any legal action will commence. At June 30, 2018 the Organization had 73 loans outstanding with a gross value of \$7,384,868 and a discounted value of \$5,348,494. At June 30, 2017 the Organization had 75 loans outstanding with a gross value of \$7,217,023 and a discounted value of \$5,229,102.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

Note 6. MORTGAGES RECEIVABLE (Continued)

The annual maturities stated at their discounted present value to be received over the next five years and in the aggregate as follows:

<u>Year Ended</u>	<u>Amount</u>
2019	\$ 343,227
2020	343,052
2021	346,512
2022	349,608
2023	351,213
Thereafter	<u>3,614,880</u>
Total	<u>\$ 5,348,492</u>

Note 7. CONTINGENT MORTGAGES RECEIVABLE

Homeowners who purchase housing through the Organization's program are subject to additional payments should the house be sold before the full term of the mortgage is completed. The remaining payments on the original mortgage would be due at the closing and they would be subject to a second predetermined (contingent) mortgage. Contingent mortgage receivables are not reported in the accompanying financial statements, and their outstanding balances at June 30, 2018 and 2017 totaled \$3,026,476 and \$2,887,476, respectively.

Note 8. RESTRICTED DEPOSITS AND FUNDED RESERVES

In accordance with the note payable to Habitat for Humanity International ("the FlexCap Note"), the Organization is required to maintain a reserve balance equal to the quarterly payment of interest and principal due under the note payable agreement. As of June 30, 2018 and 2017, the balance was \$13,720

In accordance with the loan and security agreement with Citi NMTC CDE XVI, LLC (CDE), the Organization is required to pay to the lender an annual audit and tax expense fee. The reserve was funded at the time of the NMTC financing closing and additional deposits are not required. During the years ended June 30, 2018 and 2017, fees of \$4,073 were paid and the balance was \$10,180 and \$14,256, respectively. The balance is included in the audit and tax fee reserve fund on the accompanying statement of financial position.

Similarly, a separate reserve was established to fund the annual audit and tax expense fee of the HFH NMTC Investment Fund, LLC (HFH NMTC). HFH NMTC has a 99.99% interest in CDE. The reserve was funded at the time of the NMTC financing closing and additional deposits are not required. During the years ended June 30, 2018 and 2017, fees of \$4,073 were paid and the balance was \$10,181 and \$14,253, respectively. The balance is included in the audit and tax fee reserve fund on the accompanying statement of financial position.

Note 9. LINE OF CREDIT

The Organization has available a line of credit with Dedham Institute for Savings in the amount of \$500,000 to be drawn upon as needed. The line of credit bears interest at 3% per annum. During the year ended June 30, 2018 the Organization had repayments on the line of credit that amounted to \$28,638. During the year ended June 30, 2018, interest expense amounted to \$3,086. As of June 30, 2018, the balance outstanding was \$65,055. During the year ended June 30, 2017 the Organization had repayments on the line of credit that amounted to \$41,266, while interest expense amounted to \$3,591. As of June 30, 2017, the balance outstanding was \$93,694.

See independent auditor's report.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

Note 10. LONG-TERM DEBT

The Organization has a FlexCap note payable to Habitat for Humanity International (HFHI), in the original amount of \$335,200. The loan pool to affiliates is secured by collateral assignments of mortgages on eight mortgage loans receivable dated June 23, 2011 and amended December 12, 2013. The note bears interest at 3.8% per annum through December 2020, the maturity date, and is payable in quarterly payments of \$13,691. During the years ended June 30, 2018 and 2017, interest expense amounted to \$6,102 and \$7,908, respectively. As of June 30, 2018 and 2017, the principal balance due amounted to \$130,016 and \$178,677, respectively.

The Organization has a note payable to MassHousing in the original amount of \$600,000. The note is secured by five mortgages conveyed to buyers. The note bears interest at 2.5% per annum and requires monthly payments of principal and interest in the amount of \$4,471. The note matures in May 2023. During the years ended June 30, 2018 and 2017, interest expense amounted to \$6,739 and \$7,896, respectively. As of June 30, 2018 and 2017, the principal balance due amounted to \$244,050 and \$290,968, respectively.

The Organization has a note payable to CDE as part of the NMTC structure described in Note 12, in the original amount of \$2,660,790. The note is secured by collateral assignments of various accounts established as part of the NMTC structure. The note bears interest at 1.03% per annum and requires interest only payments through November 2020. Commencing November 2021, the note is payable in semi-annual payments of \$65,111 through the maturity date, December 2043. Debt covenants on the note include maintaining a debt to asset ratio, not to exceed 95%. During the years ended June 30, 2018 and 2017, interest expense amounted to \$27,398. As of June 30, 2018 and 2017, the principal balance due amounted to \$2,660,790.

Principal payments due in the next five years and in the aggregate:

2019	\$ 98,595
2020	101,758
2021	129,021
2022	155,450
2023	148,962
Thereafter	<u>2,401,070</u>
Total	<u>\$ 3,034,856</u>

Note 11. OPERATING LEASES

The Organization occupies office space under a non-cancelable, operating lease agreement with monthly rent of \$5,600. The Organization is also liable for its proportionate share of common area expenses and real estate taxes. This lease agreement expires in January, 2020.

The Organization leases additional space, for its ReStore activities, of approximately 21,120 square feet as the lessee under a non-cancelable, operating lease agreement. The original lease term is for ten (10) years with two (2) five (5) year options.

Rent expense for the years ended June 30, 2018 and 2017 was \$359,596 and \$319,350, respectively.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

Note 11. OPERATING LEASES (Continued)

As of June 30, 2018, future minimum lease payments are as follows:

2019	\$ 301,200
2020	\$ 301,200
2021	\$ 295,680
2022	\$ 316,800
2023	\$ 316,800

Note 12. NMTC FINANCING

During 2014, the Organization embarked on a series of transactions with Citibank, HFHI, Habitat for Humanity of Costal Fairfield County, Inc. (HFHCFC) and Patterson Habitat for Humanity, Inc. (PHFH) to effectuate a NMTC structure to assist the construction of Habitat homes in certain low-income neighborhoods. NMTC allows for larger net proceeds than would otherwise be available under classic financing.

The Organization, HFHCFC and PHFH each invested in the LLC to leverage the capital contribution of the investor into a new entity set up for this purpose. The LLC then invested in the CDE. The CDE received allocations of NMTC funds pursuant to Section 45D of the Internal Revenue Code (IRC) in order to assist eligible businesses in making investments in certain low-income communities. The Organization's investment in the LLC effectively avails itself of \$2,454,146 in funds, net of fees and transaction costs, for the construction of Habitat homes in certain Boston neighborhoods.

As of June 30, 2018 and 2017, the membership interests in the LLC are owned .01% by Habitat NMTC LLC (Habitat NMTC) (managing member), 44.70% by PHFH, 33.93% by the Organization and 21.36% by HFHCFC.

As part of the NMTC transactions, the Organization received cash in the amount of \$538,771 which had to be spent within twelve months on construction costs for the NMTC properties. All funds were spent as of June 30, 2015.

On December 31, 2020, Citibank has a right and option, but not an obligation, for a period of six months, to require Habitat NMTC to purchase all the investor's interest for an exercise price of \$1,000. If the put is not exercised, then Habitat NMTC has the right to purchase the investor's interest for fair market value, as determined by an independent appraiser. Habitat NMTC is wholly owned by HFHI.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

Note 12. NMTC FINANCING (Continued)

The value of the Organization's investment as of June 30, 2018 and 2017 amounted to \$1,925,054. The condensed unaudited financial statements of Habitat for Humanity Greater Boston, Inc.'s portion as of June 30, 2018 and 2017 are as follows:

Assets	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 559	\$ 11,516
Restricted cash	20,359	28,505
Unsold homes and lots under development	258,244	512,533
Mortgages receivable	2,700,121	2,438,895
Intangible assets, net	<u>24,242</u>	<u>33,939</u>
 Total Assets	 <u>\$ 3,003,525</u>	 <u>\$ 3,025,388</u>
 Liabilities and Net Assets		
Due to affiliate	\$ 740,171	\$ 540,946
Loan payable	<u>2,556,447</u>	<u>2,552,355</u>
 Total Liabilities	 3,296,618	 3,093,301
 Unrestricted net assets	 <u>(293,093)</u>	 <u>(67,913)</u>
 Total liabilities and net assets	 <u>\$ 3,003,525</u>	 <u>\$ 3,025,388</u>
 Revenue	 \$ 350,000	 \$ 1,161,000
Costs and Expenses	<u>314,180</u>	<u>733,478</u>
Net Income (Loss)	<u>\$ 35,820</u>	<u>\$ 427,522</u>

Note 13. CONTRIBUTION TO HABITAT FOR HUMANITY INTERNATIONAL, INC.

Habitat for Humanity International, Inc. has a suggested 10% tithing based on internal calculations for unrestricted funds, however, there is no penalty for tithing less than this amount. This amount is used for Habitat for Humanity International's worldwide housing programs. For the years ended June 30, 2018 and 2017 contributions to Habitat for Humanity International, Inc. amounted to \$43,593 and \$41,122, respectively.

HFHI entered into a tax credit and indemnity agreement dated December 30, 2013 with Citibank, N.A. HFHI has guaranteed the delivery of the NMTC and the achievement of an annual internal rate of return of 8.79%. In addition, HFHI has entered into a servicing agreement with Citi NMTC Subsidiary CDE XVI, LLC dated December 30, 2013. In connection with these agreements, the Organization prepaid the service fee due to HFHI. For the years ending June 30, 2018 and 2017 \$9,697 was incurred.

As described in Note 10, the Organization has a note payable to HFHI. As of June 30, 2018 and 2017, the principal balance due amounted to \$130,016 and \$178,677, respectively.

HABITAT FOR HUMANITY GREATER BOSTON, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018 AND 2017

Note 14. TAX DEFERRED ANNUITY PLAN

The Organization maintains a tax-deferred qualified annuity plan under Section 403(b) of the Internal Revenue Code (IRC). The plan covers any employees electing to participate and is entirely funded with employee contributions up to the maximum amount allowed by the IRC. During the years ended June 30, 2018 and 2017, expenses incurred in connection with the plan were immaterial.

Note 15. RESTORE PROGRAM

The Organization established its ReStore in the January 2011. The ReStore is set-up to receive donated goods such as building materials and household items that would otherwise be destined for landfills. The Organization stores and sells these goods to the public at discount prices. This raises money for the Organization's programs and makes discounted materials available for the public. The store received approximately \$1,000,765 and \$667,925 in donated materials and goods during the years ended June 30, 2018 and 2017. For the year ended June 30, 2018 the ReStore Program generated \$1,000,765 of revenues with associated costs of \$897,443. This resulted in a net income of \$103,322 on ReStore activities. For the year ended June 30, 2017 the ReStore Program generated \$667,925 of revenues with associated costs of \$813,763. This resulted in net loss of \$145,838 on ReStore activities.

Note 16. PRIOR PERIOD ADJUSTMENTS

Interest income was not recorded on a note receivable granted to an individual who purchased a commercial unit at Blue Hill Place. An adjustment to the prior period was made to correct this discrepancy in the amount of \$70,253.

A note receivable granted to an individual at the Quincy Street Condominium Association was recorded incorrectly on the Statement of Activities in the prior year. An adjustment to the prior period was made to correct this discrepancy in the amount of \$13,331.

The total prior period adjustments amount to \$83,584 as of June 30, 2018.

Note 17. SUBSEQUENT EVENTS

Management has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2018 through March 23, 2019, the date the financial statements were first available to be issued.

There is a signed purchase and sale agreement between a buyer and the commercial unit at Blue Hill Place discussed in Note 5. The unit is expected to sell in March 2019 with the Organization receiving a payment of \$274,214.