

## MEMORANDUM

TO: Newton Board of Aldermen  
DATE: April 17, 2010  
FROM: CAN-DO  
SUBJECT: CPC RECOMMENDATION FOR VETERAN HOUSE

During the discussion of the recommendation by the Finance Committee several questions were raised regarding CAN-DO's financial stability as presented in its 2009 audit. We thought that perhaps a narrative explanation of the 2009 audit statement would be helpful in your understanding of our current financial position.

As an organization that develops and manages real estate our assets and liabilities are in the form of property owned and the debt associated therewith and that is reflected in the \$6.2 million balance sheet dominated by real estate assets and mortgage liabilities.

However, what is not clear in the auditor's report is that 62% of the liabilities or \$4,219,859 are not conventional mortgage debt that must be repaid. The creation of affordable housing is made possible by subsidies from federal, state and local governments. In Massachusetts, in exchange for this public funding, the entity which develops and owns the property executes a note and a mortgage on the property in order to ensure the long-term affordability of the property. Although the mortgage is a liability, it is not one which must be repaid so long as the property is used for its intended purpose – affordable housing. In the affordable housing industry, these subsidies are characterized as deferred/forgivable loans.

We show below the real estate on our balance sheet incorporating detail from Note 7 of our auditor's report, to separate the conventional debt from the deferred/forgivable loans:

### ASSETS

Seven properties developed and deeded for the purpose of affordable housing, in which 16 qualified low-income families and 6 low-income individuals are currently living. The unoccupied property in development, Veteran House, is not included in these figures.

As a point of information, the assessed value of these 7 properties is \$4,288,500.

### LIABILITIES

Payable mortgage debt	\$2,027,739
Deferred/forgivable debt (federal CDBG subsidy)	\$1,881,898
Deferred/forgivable debt (Newton CPA subsidy)	\$1,725,000
Deferred/forgivable debt (state/other subsidy)	\$612,961

You can see that CAN-DO has real estate assets valued at more than double the debt owed on them. This real estate is also an asset of the City of Newton, which is the major lien holder by virtue of the federal funds granted to the properties and administered by the Housing Office and the CPA funds granted by the Board of Aldermen. These properties must either continue to be used for affordable housing in perpetuity, or if sold, with the consent of the City, the federal and CPA funds must be repaid, as well as the state and other subsidies.

*(cont'd on p. 2)*

After two difficult years of restructuring, we are very pleased to resume our mission to provide decent, safe and affordable housing for individuals and families who would not otherwise be able to live in this community, by undertaking development of the Veteran House Project.

We hope that we can count on your continued support and that you will approve the recommendation from the Community Preservation Committee for \$375,000 in funding for this project.

Thank you.

### **CAN-DO Operating Budget FY2010**

#### **INCOME:**

CHDO GRANT	\$	13,000
CONTRIBUTIONS/FUNDRAISING	\$	120,000
DEVELOPMENT FEES	\$	100,000
GRANTS	\$	10,000
MANAGEMENT FEES	\$	19,000

**TOTAL INCOME:** \$ **262,000**

#### **EXPENSES:**

SALARIES	\$	94,052
BENEFITS/TAXES	\$	23,695
E.D. RETIREMENT	\$	6,300
PAYROLL FEES	\$	2,000
AUTO EXPENSE	\$	6,192
ACCOUNTANT	\$	20,000
LEGAL	\$	-
INSURANCE	\$	3,000
INTEREST EXPENSE	\$	16,000
RENT INCLUDING UTILITIES	\$	25,470
TRAVEL/TRANSPORTATION	\$	500
CONFERENCE FEES	\$	500
EQUIPMENT/FURNITURE	\$	500
OFFICE SUPPLIES	\$	2,000
PRINTING/COPYING	\$	1,500
TELEPHONE/FAX/CELL	\$	3,000
POSTAGE/DELIVERY	\$	1,000
DUES AND SUBSCRIPTIONS	\$	1,300
STAFF/BOARD DEVELOPMENT	\$	1,000
PUBLIC RELATIONS	\$	2,500
FUNDRAISING	\$	20,000

**TOTAL EXPENSES:** \$ **230,509**

RETIREMENT FUND PAYMENT PLAN \$ 20,000

**NET INCOME:** \$ **11,491**



Setti D. Warren  
Mayor

# City of Newton, Massachusetts Community Preservation Committee



## MEMORANDUM

**DATE:** 8 April 2010

**TO:** Board of Aldermen, Finance Committee  
Planning Department staff:

**CC:** Amy Yuhasz, Assoc. Director of Housing & Community Development  
Trisha Guditz, Housing Program Manager

**FROM:** Alice Ingerson, for the Community Preservation Committee

**ABOUT:** information requested for discussion of  
**docket item 28-10, recommended funding for  
VETERAN HOUSE (2148-50 Commonwealth Avenue)**

Attached please find the following requested information.

We have added headers identifying each document as part of sections **1.**, **2a.**, **2b.**, or **2c.**, and **3.**, and numbering pages within each section.

<b>1.</b>	<b>CAN-DO audited financial statements for 2009</b> .....	23 pp.
<b>2.</b>	<b>Planning &amp; Development Board review of CAN-DO's finances, 1 March 2010</b>	
<b>a.</b>	<b>P&amp;D staff memo</b> to the CPC & .....	1 p.
	earlier letter from CAN-DO .....	3 pp.
<b>b.</b>	<b>background: CAN-DO letter &amp; financial information</b> .....	23 pp.
	including: 1 p. cover sheet	
	3 pp. ltr from CAN-DO	
	19 pp. financials	
<b>c.</b>	<b>minutes of 1 March 2010 P&amp;D Board discussion</b> .....	2 pp.
<b>3.</b>	<b>Federal Home Loan Bank of Boston developer fee guidelines</b> for affordable housing projects .....	1 p.
	total submitted,	54 pp.
	incl. this memo	

Most information previously submitted for this item is available from this webpage:

[www.newtonma.gov/cpa/projects/veteran/veteran.htm](http://www.newtonma.gov/cpa/projects/veteran/veteran.htm)

**WEBSITE:** <http://www.newtonma.gov/cpa>

**CONTACT:** Alice E. Ingerson, Community Preservation Program Manager,  
aingerson@newtonma.gov, 617.796.1144

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.**

**Financial Statements  
December 31, 2009  
(With Comparative Totals for 2008)**

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.**

FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(WITH COMPARATIVE TOTALS FOR 2008)

Table of Contents

	<u>PAGE</u>
Independent Auditors' Report	1
<u>Financial Statements</u>	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5-6
Notes to Financial Statements	7-19
<u>Additional Information</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20-21

## SANDBERG, GONZALEZ &amp; CREEDEN, P.C.

S, G &amp; C

CERTIFIED PUBLIC ACCOUNTANTS

331 PAGE STREET

STOUGHTON, MA 02072

TELEPHONE (781) 344-0850

FAX (781) 344-6960

To the Board of Directors of  
Citizens for Affordable Housing in Newton  
Development Organization, Inc.  
W. Newton, Massachusetts

Independent Auditors' Report on the Financial Statements

We have audited the accompanying statement of financial position of Citizens for Affordable Housing in Newton Development Organization, Inc. as of December 31, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citizens for Affordable Housing in Newton Development Organization, Inc. as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 23, 2010, on our consideration of Citizens for Affordable Housing in Newton Development Organization, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



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

Stoughton, Massachusetts  
March 23, 2010

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.**  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2009  
(WITH COMPARATIVE TOTALS FOR 2008)

	<u>ASSETS</u>	
	<u>2009</u>	<u>2008</u>
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 5,737	\$ 9,486
Operating reserves	111	108
Accounts receivable	4,868	23,547
Prepaid insurance and taxes	<u>7,397</u>	<u>12,230</u>
Total current assets	18,113	45,371
<b><u>Property and Equipment</u></b>		
Land	803,688	945,302
Buildings	3,561,943	4,131,602
Building improvements	2,414,068	2,451,604
Furniture and equipment	<u>12,047</u>	<u>21,209</u>
Subtotal	6,791,746	7,549,717
Less: accumulated depreciation	<u>1,271,602</u>	<u>1,135,361</u>
Total property and equipment	5,520,144	6,414,356
<b><u>Other Assets</u></b>		
Replacement reserves	599	4,084
Housing under development	675,530	
Security deposits	<u>15,041</u>	<u>17,299</u>
Total other assets	<u>691,170</u>	<u>21,383</u>
<b><u>Total Assets</u></b>	<b><u>\$ 6,229,427</u></b>	<b><u>\$ 6,481,110</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Line of credit	\$	\$ 77,068
Credit cards	70,497	74,145
Accounts payable	35,707	27,796
Accrued expenses	67,307	61,527
Notes payable	50,000	50,000
Mortgage payable - current portion	340,518	783,061
Tenant security deposits	15,041	17,749
Accrued and deferred interest	63,836	60,504
Revolving loan pool	<u>20,000</u>	<u>20,000</u>
Total current liabilities	662,906	1,171,850
<b><u>Long-Term Liabilities</u></b>		
Mortgage payable	<u>5,917,777</u>	<u>5,872,995</u>
Total long-term liabilities	5,917,777	5,872,995
<b><u>Net Assets</u></b>		
Unrestricted	(395,269)	(563,735)
Temporarily restricted	<u>44,013</u>	<u></u>
Total net assets	<u>(351,256)</u>	<u>(563,735)</u>
<b><u>Total Liabilities and Net Assets</u></b>	<b><u>\$ 6,229,427</u></b>	<b><u>\$ 6,481,110</u></b>

See accompanying notes. See Independent Auditors' Report.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(WITH COMPARATIVE TOTALS FOR 2008)

	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total
<b><u>Support and Revenue</u></b>				
Support:				
Contributions	\$ 3,995	\$ 34,013	\$ 38,008	\$ 84,398
In-kind contributions				587
Special events	108,478	10,000	118,478	100,466
Revenue:				
Deferred rental income	5,161		5,161	
Government grants	34,091		34,091	73,956
Rental income	385,813		385,813	395,940
Management fees	2,600		2,600	2,600
Interest income	89		89	105
Total support and revenue	540,227	44,013	584,240	658,052
<b><u>Expenses</u></b>				
Housing development	27,713		27,713	32,938
Rental activities	554,034		554,034	598,917
Total program expenses	581,747		581,747	631,855
General and administrative	97,598		97,598	92,231
Fundraising	59,746		59,746	59,003
Total expenses	739,091		739,091	783,089
<b><u>Change in Net Assets – Before Other Income (Loss)</u></b>				
	(198,864)	44,013	(154,851)	(125,037)
<b><u>Other Income (Loss)</u></b>				
Debt forgiveness	529,289		529,289	108,455
Sale of property under development	(161,959)		(161,959)	(432,117)
Total other income (loss)	367,330		367,330	(323,662)
<b><u>Change in Net Assets – After Other Income (Loss)</u></b>				
	168,466	44,013	212,479	(448,699)
<b><u>Net Assets - Beginning of Year</u></b>				
	(563,735)		(563,735)	(115,036)
<b><u>Net Assets - End of Year</u></b>				
	\$ (395,269)	\$ 44,013	\$ (351,256)	\$ (563,735)

See accompanying notes. See Independent Auditors' Report.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
DECEMBER 31, 2009  
(WITH COMPARATIVE TOTALS FOR 2008)**

	2009					2008	
	Housing Development	Rental Activities	Total Program	General and Administrative	Fundraising	Total	Total
Salaries	\$ 10,438	\$ 41,753	52,191	\$ 26,095	\$ 26,095	\$ 104,381	\$ 97,671
Payroll taxes	720	2,877	3,597	1,799	1,799	7,195	7,736
Employee benefits	1,410	5,641	7,051	3,526	3,526	14,103	15,780
Salaries and related expenses	12,568	50,271	62,839	31,420	31,420	125,679	121,187
Advertising				560	308	868	804
Architect							2,190
Bank charges	260	693	953	300	1,490	2,743	1,299
Capital expenditures							3,399
Condo fees		4,296	4,296			4,296	4,296
Conferences				372		372	
Consultants		5,980	5,980	15,763		21,743	21,296
Depreciation		191,952	191,952	548		192,500	208,233
Donations		300	300	100		400	525
Dues and subscriptions				1,574		1,574	2,775
Event expenses					13,406	13,406	6,239
Exterminating		716	716			716	1,269
Filing fees	85	225	310	268		578	1,316
Facility maintenance	177	49,350	49,527	985		50,512	33,372
Insurance		20,963	20,963	5,525		26,488	24,569
Interest	10,394	107,534	117,928	15,296		133,224	173,031
Landscaping		4,270	4,270			4,270	7,299
Legal fees		2,963	2,963	234		3,197	498
Management fees		10,749	10,749			10,749	22,485
Miscellaneous expenses		623	623			623	148
Payroll services	343	1,368	1,711	855	855	3,421	1,207
Postage				680	450	1,130	1,598
Printing				3,211	3,469	6,680	7,791
Professional fees				10,000		10,000	8,000
Real estate taxes		41,841	41,841			41,841	42,160
Rent	2,552	10,208	12,760	6,380	6,380	25,520	24,720
Repairs and maintenance	573	2,560	3,133			3,133	3,187
Security		138	138			138	333
Supplies	58	276	334	1,549	210	2,093	3,124
Supportive services		12,616	12,616			12,616	11,462
Telephone	360	1,439	1,799	900	900	3,599	3,544
Travel	13	51	64	32	32	128	1,708
Utilities		31,333	31,333	220		31,553	34,417
Vehicle expenses	330	1,319	1,649	826	826	3,301	3,608
Total	<u>\$ 27,713</u>	<u>\$ 554,034</u>	<u>\$ 581,747</u>	<u>\$ 97,598</u>	<u>\$ 59,746</u>	<u>\$ 739,091</u>	<u>\$ 783,089</u>

See accompanying notes. See Independent Auditors' Report.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(WITH COMPARATIVE TOTALS FOR 2008)

	<u>2009</u>	<u>2008</u>
<b><u>Cash Flows From Operating Activities</u></b>		
Change in net assets	\$ 212,479	\$ (448,699)
Adjustment to reconcile change in net assets to cash provided by operating activities:		
Depreciation	192,500	208,233
Debt forgiveness	(529,289)	(108,455)
In-kind development costs		(587)
(Increase) decrease in:		
Accounts receivable	18,679	(21,710)
Prepaid insurance	4,833	(1,273)
Increase (decrease) in:		
Credit cards	(3,648)	(9,094)
Accounts payable	7,911	(34,649)
Accrued expenses	5,780	5,880
Accrued and deferred interest	3,332	
Tenant security deposits	(2,708)	(938)
<b><u>Net Cash (Used) by Operating Activities</u></b>	<u>(90,131)</u>	<u>(411,292)</u>
<b><u>Cash Flows From Investing Activities</u></b>		
Purchase of land, building and improvements	(711,972)	(14,914)
Sale of developed units	738,154	858,400
Increase in replacement reserves (net)	3,485	3,013
Security deposits (net)	2,258	(938)
<b><u>Net Cash Provided by Investing Activities</u></b>	<u>31,925</u>	<u>845,561</u>
<b><u>Cash Flows From Financing Activities</u></b>		
Proceeds from mortgages	914,450	398,015
Repayment of mortgage principal	(782,922)	(870,327)
Borrowing on line of credit	5,456	22,267
Repayment of line of credit	(82,524)	(2,249)
<b><u>Net Cash Provided (Used) by Financing Activities</u></b>	<u>54,460</u>	<u>(452,294)</u>
<b><u>(Decrease) in Cash and Cash Equivalents</u></b>	<u>(3,746)</u>	<u>(18,025)</u>

See accompanying notes. See Independent Auditors' Report.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(WITH COMPARATIVE TOTALS FOR 2008)

(Continued)

	<u>2009</u>	<u>2008</u>
<b><u>Cash and Cash Equivalents - Beginning of Year</u></b>	<u>9,594</u>	<u>27,619</u>
	<u>Beginning</u>	<u>Ending</u>
Cash and cash equivalents	\$ 9,486	\$ 5,737
Operating reserves	<u>108</u>	<u>111</u>
	<u>\$ 9,594</u>	<u>\$ 5,848</u>
 <b><u>Cash and Cash Equivalents - End of Year</u></b>	 <u>\$ 5,848</u>	 <u>\$ 9,594</u>
 <b>SUPPLEMENTAL INFORMATION:</b>		
Interest paid and expensed	<u>\$ 133,224</u>	<u>\$ 173,031</u>
Write off of fully depreciated equipment	<u>\$ 9,162</u>	<u>\$ 0</u>

See accompanying notes. See Independent Auditors' Report.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009

**Note 1. Organization**

Citizens for Affordable Housing in Newton Development Organization, Inc. (CAN-DO), was organized in January, 1994 in the Commonwealth of Massachusetts as a not-for-profit corporation. The purpose of the Organization is to expand the supply of decent and affordable housing in Newton, Massachusetts. The purpose is accomplished by promoting the development, construction and conversion of properties and serving as a Community Housing Development Organization.

The Organization currently owns and rents four residential properties with a total of 8 affordable housing units. In addition, the Organization has two transitional housing properties with a total of eight units and one group home that houses six people.

**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 2009 or 2008 and accordingly, these financials do not reflect any activities related to this class of net assets for 2009 or 2008.
- c. Property and Equipment  
These assets are stated at cost or if donated, at fair value at date of receipt. Maintenance repairs and minor repairs are expensed as incurred and major renewals in excess of \$1,000 which extend the life of the assets are capitalized.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009

(Continued)

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

- d. Depreciation  
Provisions for depreciation are made in the accounts using the straight-line method. Equipment is being depreciated over 3-7 years and the building and improvements over 20-27.5 years.
- e. Allocation of Expenses  
Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.
- f. Cash and Cash Equivalents  
For purposes of the statement of cash flows, Citizens for Affordable Housing in Newton Development Organization, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- g. Use of Estimates  
The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- h. Restricted and Unrestricted Revenue  
Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a time or purpose restriction expires, restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restrictions.
- i. Donated Materials and Services  
Donated goods and services represent the estimated fair market value of materials and services provided. Donated 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 the Organization.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)

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

i. Donated Materials and Services (Continued)

For the year ended December 31, 2009, the Organization received legal services valued at \$1,500 provided during the sale of housing units during the year. The value was not reflected in the accompanying financial statements as it did not meet the criteria for recognition.

**Note 3. Tax Status**

Citizens for Affordable Housing in Newton Development Organization, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in the financial statements. 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).

**Note 4. Concentration of Credit Risk**

Credit risk with respect to receivables is considered low because a substantial portion is due from tenants. Tenant receivables are closely monitored by management and rental property management companies with strict guidelines in place when balances initially become delinquent.

**Note 5. Property Under Development**

At December 31, 2009, the Organization had the following site including land, building and improvements under development:

	<u>Land</u>	<u>Building and Improvements</u>	<u>Total</u>
Veteran House	\$ 67,553	\$ 607,977	\$ 675,530

**Note 6. Contract Management Services**

Two residential rental properties, Nonantum Place and Christina Street, are managed by the Newton Community Development Foundation. Contracted management fees for the years ended 2009 and 2008 were \$10,749 and \$22,485, respectively.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)

**Note 7. Mortgage Payable**

	2009			2008
	Current	Long Term	Total	Total
<u>Nonantum Place - Three Unit Residential</u>				
Newton Community Development Authority-Rehab dated 6/20/96 of \$123,455; at 3% per annum; requires monthly payments of \$685; administered by Brookline Savings Bank, secured by real estate; due 7/1/2016; balance forgiven in June 2009;	\$ --	\$ --	\$ --	\$ 55,605
Newton Community Development Authority dated 12/1/95, of \$104,247; forgivable deferred loan; due 15 years from completion date or April, 2011; one-fifteenth of unpaid balance due annually until maturity; payment deferred as long as Organization continues to own property and verification of restrictions are filed timely and events of acceleration have not occurred;	--	104,247	104,247	104,247
Community Economic Development Corporation (CEDAC) date of 1/3/97 of \$90,000 at 5% accrued for first twenty years; due 2017; a cash payment due annually if gross receipts exceeds 105% of cash expenditures; Organization in compliance and all payments deferred; accrued interest totaled \$35,975;	--	90,000	90,000	90,000
The Village Bank Loan dated 12/28/06, of \$130,000 at 7.125%; requiring monthly payments of \$884.97; due 12/28/21.	1,735	123,708	125,443	127,519
Subtotal Nonantum Place	<u>1,735</u>	<u>317,955</u>	<u>319,690</u>	<u>377,371</u>

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)

**Note 7. Mortgage Payable** (Continued)

	2009		Total	2008
	Current	Long Term		Total
<u>Christina Street – Five Unit Residential</u>				
Newton Community Development Authority dated 8/26/99 of \$225,000 at 7%; due forty years from project completion; one-fifteenth of original principal, \$15,000, and accrued interest due each annual anniversary date of completion; payment deferred if Organization in compliance; secured by third mortgage on property;	--	225,000	225,000	225,000
Newton Community Development Authority administered by Brookline Savings Bank dated 8/1/02 of \$200,000 at 3%; due in monthly payments of \$843.21; balance due 6/2/2032; secured by third mortgage on property; balance forgiven in June 2009;	--	--	--	171,313
Boston Community Loan Fund dated 5/23/02 of \$101,942 at 7%; due in monthly payments of \$677.94, balance due 1/15/2024; secured by second mortgage on the subject property;	1,173	97,426	98,599	99,771
Newton Community Development Authority dated 12/02 of \$45,150 at 7.25%; balance due 12/2022; secured by second mortgage on the subject property;	--	45,150	45,150	45,150
The Village Bank (formerly the Auburndale Co-operative Bank) dated 7/18/02 of \$688,315 at 6.375%; requiring monthly payments of \$1,864.09; balance due by 7/18/2032;	5,528	260,672	266,200	272,965
CEDAC 8/15/2002 of \$125,000 at 0%; unless in default, then at 5%; balance due 7/15/2032;	--	125,000	125,000	125,000
Newton Community Development Authority dated 2/12/04 of \$32,736 at 3%; due in monthly payments of \$138.02; balance due 2/12/2034; balance forgiven in June 2009;	--	--	--	29,299

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)

**Note 7. Mortgage Payable** (Continued)

	2009		2008	
	Current	Long Term	Total	Total
<u>Christina Street – Five Unit Residential</u> (continued)				
Newton Community Development Authority dated 2/12/04 of \$11,665; forgivable deferred loan at 7.25% per annum; due 2/12/14 as long as Organization continues to own property and verification of restrictions are filed timely and events of acceleration have not occurred.				
	--	11,665	11,665	11,665
Subtotal Christina Street	6,701	764,913	771,614	980,163
<u>Webster Street – Six Units Residential</u>				
Newton Community Development Authority dated 8/23/00 of \$237,957 at 7%; due forty years from project completion; one-fortieth of original principal, \$5,625, and accrued interest due each annual anniversary date of completion; payment deferred if Organization in compliance; secured by third mortgage on property;				
	--	237,957	237,957	237,957
The Village Bank (formerly the Auburndale Co-operative Bank) dated 3/14/02 of \$325,000 at 6.5%; due in monthly payments of \$1,804; balance due 3/14/2032;				
	6,160	282,710	288,870	297,236
CEDAC 4/22/02 of \$389,811 at 6.375%;				
	--	389,811	389,811	389,811
Massachusetts Housing of \$250,000 at 6.375%.				
	--	250,000	250,000	250,000
The Newton Community Development Authority dated July 2, 2009 of \$8,150 at 0% interest rate; balance due July 2, 2014; 20% of loan amount will be forgiven on each anniversary of the date of loan with compliance of terms and conditions of loan.				
	1,630	6,520	8,150	--
Subtotal Webster Street	7,790	1,166,998	1,174,788	1,175,004
<u>18-20 Cambria Road – Two Units Residential</u>				
City of Newton, Community Preservation Grant (CPA) dated 9/29/03; deferred grant loan with a permanent affordable housing restriction;				
	--	200,000	200,000	200,000

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**Note 7. Mortgage Payable** (Continued)

	2009		Total	2008
	Current	Long Term		Total
<u>18-20 Cambria Road – Two Units Residential</u> (continued)				
Newton Community Development Authority serviced by Brookline Bank dated 8/1/2003 of \$106,492 at 3% due in monthly payments of \$449 balance due 8/1/2033; balance forgiven in June 2009;	--	--	--	93,826
The Village Bank (formerly the Auburndale Co-operative Bank) dated 12/19/02 of \$400,000 at 5%; due in monthly payments of \$2,032.40; balance due January 2033;	6,672	283,340	290,012	296,630
Newton Community Development Authority dated 12/19/02 of \$200,000 at 7%; due 50 years from completion; no interest accrual as cancellation of obligation expected;	--	200,000	200,000	200,000
Newton Community Development Authority dated 7/22/03 of \$25,969; forgivable deferred loan in ten years as long as no change in use;	--	25,969	25,969	25,969
Newton Community Development Authority dated 10/29/08 of \$6,910; comprised of CDBG funds.		6,910	6,910	6,910
Subtotal 18-20 Cambria Road	<u>6,672</u>	<u>716,219</u>	<u>722,591</u>	<u>823,335</u>
<u>11-13 Cambria Road – Two Units Residential</u>				
Benjamin Franklin Bank dated 7/13/06, of \$160,000 at 7%; requiring monthly payments of \$1,075.65, due 7/13/36; refinanced July 2009 at the Village Bank of \$240,000 for a 15 year term with a 30 year amortization. The interest rate for the first 5 years is 6%. On each five year anniversary the interest rate will adjust to the 5 year federal home loan Bank of Boston Regular Classic Advance rate plus 2.5%; paid in full July 2009;	--	--	--	155,990
Newton Community Development Authority dated 1/6/06; of \$200,000 at 0%; forgivable deferred loan provided the property complies with Community Development Block Grant program regulations and requirements for no less than 50 years;	--	200,000	200,000	200,000

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**Note 7. Mortgage Payable** (Continued)

	2009		2008	
	Current	Long Term	Total	Total
<u>11-13 Cambria Road – Two Unit Residential</u> (continued)				
City of Newton, Community Preservation Grant (CPA) dated 5/16/06; deferred grant loan with a permanent affordable housing restriction;	--	350,000	350,000	350,000
Local Initiatives Support Corporation dated 3/28/06 at 6% on the outstanding principal balance due on a monthly basis; due and payable on the earlier of (i) the closing and initial funding date of any Community Preservation Funds for the "Project" from the Commonwealth of MA, or (ii) the two year anniversary of the first day of the first full month after the closing date (5/1/08);	--	--	--	447
NCDA dated 8/1/06, of \$49,975 at 0%; requiring monthly payments of \$138.82; due 8/1/36; balance forgiven in June 2009;	--	--	--	45,809
The Village Bank (formerly Auburndale Co-operative Bank) dated July 14, 2009 of \$240,000 at 6%; due in monthly payments of \$1,425.58; balance due on July 14, 2039;	3,873	234,892	238,765	--
Subtotal Cambria Road	<u>3,873</u>	<u>784,892</u>	<u>788,765</u>	<u>752,246</u>
<u>Chestnut Street</u>				
Cambridge Savings Bank construction loan dated 12/30/03 up to \$2,775,000, at 6%, due 12/1/2005; additional \$144,204 drawn 2007 and reduced by sale proceeds, remaining \$198,276 restructured; due March 31, 2018; 3.5% fixed for three years through March 31, 2012; re-priced at 250 bps over the 3 year FHLB rate for years 4-6 and 6-9;	3,939	190,458	194,397	198,276
Subtotal Chestnut Street	<u>3,939</u>	<u>190,458</u>	<u>194,397</u>	<u>198,276</u>
<u>Falmouth Road – Two Unit Residential</u>				
The Village Bank loan dated 10/12/05 of \$287,500; interest at 6.625%; \$1,859.10 monthly due 10/12/2020;	5,383	267,042	272,425	277,022

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)

**Note 7. Mortgage Payable** (Continued)

	2009		2008	
	Current	Long Term	Total	Total
<u>Falmouth Road – Two Unit Residential</u> (Continued)				
Newton Community Development Authority dated 9/1/05 of \$80,000 at zero interest; payments of \$222.22 monthly with balance due 10/1/2035 requiring continued ownership and verification of restrictions filings monthly or other events which by cause acceleration; balance forgiven in June 2009;	--	--	--	71,556
City of Newton, Community Preservation Funding (CPA), dated 8/11/2005 of \$275,000, deferred grant loan with a permanent affordable housing restriction and repayment of \$237,500 to MHIC; only payable if the terms of the deed restriction are violated;	--	275,000	275,000	275,000
Newton Community Development Authority deferred loan dated 8/11/2005 of \$62,500; comprised of CDBG funds; zero interest balance forgivable 10/2054;	--	62,500	62,500	62,500
Newton Community Development Authority deferred loan dated 10/15/04 of \$200,000; balance due 10/15/54;	--	200,000	200,000	200,000
Subtotal Falmouth Road	<u>5,383</u>	<u>804,542</u>	<u>809,925</u>	<u>886,078</u>
<u>Jackson Road – Two Unit Residential</u>				
The Village Bank loan dated 10/12/05 of \$287,500; interest at 5.5%; \$1,859.10 monthly due 10/12/2020;	4,425	268,000	272,425	277,022
Newton Community Development Authority dated 9/1/05 of \$80,000 at zero interest; payments of \$222.22 monthly with balance due 10/1/2035 requiring continued ownership and verification of restrictions filings monthly or other events which cause acceleration; balance forgiven in June 2009;	--	--	--	71,556

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)

**Note 7. Mortgage Payable** (Continued)

	<u>2009</u>		<u>2008</u>
	<u>Current</u>	<u>Long Term</u>	<u>Total</u>
<u>Jackson Road – Two Unit Residential</u> (continued)			
City of Newton, Community Preservation Funding (CPA), dated 8/11/2005 of \$275,000, deferred grant loan with a permanent affordable housing restriction and repayment of \$237,500 to MHIC; only payable if the terms of the deed restriction are violated;	--	275,000	275,000
Newton Community Development Authority deferred loan dated 8/11/2005 of \$62,500; comprised of CDBG funds; zero interest balance forgivable 10/2054;	--	62,500	62,500
Newton Community Development Authority deferred loan dated 10/15/04 of \$200,000; balance due 10/15/2054;	--	200,000	200,000
Subtotal Jackson Road	<u>4,425</u>	<u>805,500</u>	<u>809,925</u>
<u>Coyne Road</u>			
The Village Bank dated November 6, 2007 of \$70,400 interest only at 5.5% pending receipt of CDBG and HOME funds, balance due on 2/6/09; paid in full August 2009;	--	--	186,400
Newton Community Development Authority deferred loan dated January 7, 2008; totaling \$391,105 comprised of CDBG and HOME funds; zero interest; balance forgivable 10/2054;	--	--	391,105
Subtotal Coyne Road	<u>--</u>	<u>--</u>	<u>577,505</u>

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)

**Note 7. Mortgage Payable** (Continued)

	2009		2008	
	Current	Long Term	Total	Total
<u>Veteran House-Two Unit Residential</u>				
The Village Bank dated November 16, 2009 of \$666,300 at 6% interest rate; payments of interest only are due and payable monthly; balance due November 16, 2010; \$300,000 to be repaid upon receipt of loan funds from the Newton Community Development Authority (CDBG) approved 12/30/09; payable 50 years from completion date.	<u>366,300</u>	<u>300,000</u>	<u>666,300</u>	<u>--</u>
Subtotal Veteran House	<u>366,300</u>	<u>300,000</u>	<u>666,300</u>	<u>--</u>
<u>Total Mortgages Payable</u>	<u>\$ 406,818</u>	<u>\$ 5,851,477</u>	<u>\$ 6,258,295</u>	<u>\$ 6,656,056</u>

Future minimum payments of principal are as follows:

2010	\$ 406,818
2011	40,059
2012	42,384
2013	44,854
2014	47,478
2015 and thereafter	5,676,702

**Note 8. Note Payable**

From an individual dated July 23, 2007 for \$50,000 zero interest due December 31, 2007, extended to December 31, 2010.

**Note 9. Line of Credit**

The Organization had a \$57,000 line of credit with an interest rate of 7.25% per year expiring June 30, 2009 and another \$20,000 line of credit with an interest rate of 4.25% per year expiring February 15, 2049. In addition, one credit card had a cash advance totaling \$68. During fiscal year 2009, the whole balance was paid off.

**Note 10. Revolving Loan Pool**

In 1999, the Organization received a \$20,000 grant from the Newton Community Development Authority to establish a revolving account, which will provide immediate funding for deposits and down payments to acquire property for use as affordable housing.

**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)

**Note 11. Developer Fees**

The Organization earns developer fees from the renovation of housing projects. These fees fluctuate throughout the course of a project due to budget changes. No development fees were recognized in 2009 due to the board decision to abort a development project in 2009.

**Note 12. Compensated Absences**

Vacation and sick pay are considered expenditures in the year paid. Upon termination the employee is compensated for any accrued but unused vacation pay. The Organization has not accrued compensated absences because the amount cannot be reasonably estimated.

**Note 13. Retirement Plan**

A 403B plan was established in 2001 that covers the Executive Director. Pension expense for 2009 and 2008 totaled \$6,615 and \$6,615, respectively. The estimated unfunded benefit totals \$53,713 and is included as an accrued liability.

**Note 14. Related Party Activity**

In accordance with the Agency's articles of Organization one Board member is an income eligible tenant in one of the units authorized and monitored by the U. S. Department of Housing and Urban Development.

One board member provides printing services to the Organization through his business at a reduced rate that totaled \$1,744 for 2009.

The Executive Director is an employee of the Organization.

**Note 15. Leases**

Citizens for Affordable Housing in Newton Development Organization, Inc. entered into a lease agreement extension expiring June 1, 2009. The lease requires monthly payments of \$2,005 in 2008 and increased to \$2,085 from July 2008. Rent expense for the year ended 2009 and 2008, totaled 25,520 and \$24,721, respectively. Future minimum rental payments for the year ending December 31 are as follows:

2010	\$ 25,020
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In addition, the Organization entered into an operating lease agreement for a vehicle expiring 2010. The lease requires monthly payments of \$258. Future minimum lease payments for the year ending December 31 are as follows:

2010	\$ 714
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**CITIZENS FOR AFFORDABLE HOUSING IN NEWTON  
DEVELOPMENT ORGANIZATION, INC.**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)

**Note 16. Lead Free Forgivable Grant/Loans**

The Organization has received a number of grants to remove lead from various developments ranging from \$2,998 to \$30,000. These grants are reduced over a five year period by the City of Newton. Many of these grants were reported as revenue in the years received. All properties receiving these grants are currently operating as income eligible housing.

**Note 17. Forgiven Debt**

At December 31, 2009, the City of Newton forgave affordable housing loans provided through the Newton Community Development Authority, as itemized in Note 7, for the improvement of the following affordable housing sites:

Nonantum Street	\$ 52,321
Christina Street	198,202
Cambria Road	137,890
Falmouth Road	70,438
Jackson Road	<u>70,438</u>
Total	<u>\$529,289</u>

**Note 18. Sale of Property Under Development**

The Organization completed the sale of affordable housing located on Coyne Road in 2009 resulting in the following:

Cost of housing	\$ 738,153
Cost of sale	1,311
Less: Liquidation of debt	<u>577,505</u>
Loss on sale of affordable Housing	<u>\$(161,959)</u>

## SANDBERG, GONZALEZ &amp; CREEDEN, P.C.

S,G&amp;C

CERTIFIED PUBLIC ACCOUNTANTS

331 PAGE STREET  
STOUGHTON, MA 02072  
TELEPHONE (781) 344-0850  
FAX (781) 344-6960

To the Board of Directors of  
Citizens for Affordable Housing in Newton  
Development Organization, Inc.  
West Newton, Massachusetts

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited the financial statements of Citizens for Affordable Housing in Newton Development Organization, Inc. as of and for the year ended December 31, 2009, and have issued our report thereon dated March 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Citizens for Affordable Housing in Newton Development Organization, Inc. as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered Citizens for Affordable Housing in Newton Development Organization, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Citizens for Affordable Housing in Newton Development Organization, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to the management of Citizens for Affordable Housing in Newton Development Organization, Inc. in a separate letter dated March 23, 2010.

This report is intended solely for the information and use of the audit committee, management, and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.



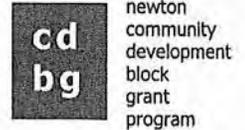
SANDBERG, GONZALEZ & CREEDON, P.C.  
Certified Public Accountants

Stoughton, Massachusetts  
March 23, 2010



# CITY OF NEWTON, MASSACHUSETTS

Department of Planning and Development



Setti D. Warren  
Mayor

DATE: February 22, 2010

TO: Community Preservation Committee

CC: Alice Ingerson, Community Preservation Program Manager

FR: Amy Yuhasz, Associate Director of Housing and Community Development *Ay*

RE: CAN-DO agenda item to be heard at the March 1, 2010 Planning and Development Board Meeting

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## BACKGROUND

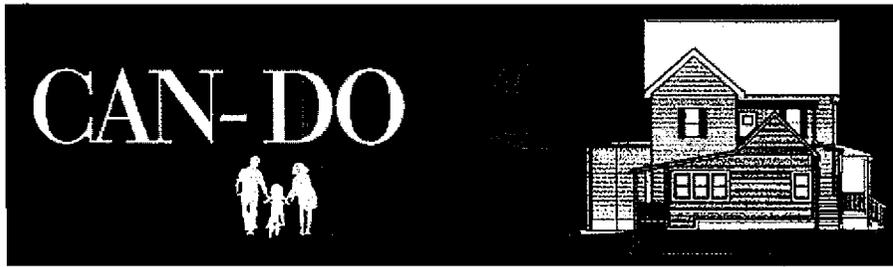
On June 1, 2010 the Planning and Development Board approved CAN-DO's request to convert all of the housing rehabilitation direct loans that the organization had with the City into 0% deferred loans (with all loans to be forgiven at the expiration of the 30-year term). This approval was conditional upon the receipt of the following: CAN-DO's FY09 operating budget with income and expenses, a copy of the most recent audited financials and a letter from the CAN-DO Board President describing how the annual savings will be applied to its existing debt and describing a one-to-three year strategy for strengthening the organization's financial situation. These items were submitted to the Planning and Development Board for consideration at their July 13, 2009 meeting.

Through a vote the Planning and Development Board indicated a consensus that the conditions from the June 1, 2009 meeting had been satisfied and the Board will anticipate regular follow-up by CAN-DO. Based on this decision, CAN-DO is scheduled to follow-up with the Planning and Development Board two times a year. This follow-up will consist of an update on the organization's progress in meeting the goals outlined in CAN-DO's July 8, 2009 letter (see attached).

## MARCH 1, 2010 PLANNING AND DEVELOPMENT BOARD MEETING

At their March 1 meeting the Planning and Development Board will hear an update from Citizens for Affordable Housing in Newton Development Organization, Inc. (CAN-DO) on the organization's progress in meeting the goals outlined in their July 8, 2009 letter.

**UPDATE as of 1 March 2010: review meetings with the P&D Board will be scheduled 4 times a year.**



Section 2a, page 2 of 4  
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E-mail: jam\_cando@msn.com  
Website: www.newtoncando.org  
Josephine McNeil, Executive Director

Development Organization, Inc.

July 8, 2009

Mr. Michael Kruse  
Newton Housing Office  
Newton City Hall  
1000 Commonwealth Avenue  
Newton, MA 02459

RE: Direct Loan Debt Forgiveness - \$529,817.24

Dear Mr. Kruse:

First, I want to thank you for your support of our request for debt forgiveness. The need for debt forgiveness was due to the significant loss the organization experienced on the Millhouse Commons project. We loss approximately \$450,000 due to (1) the extended permitting process despite the project being a Ch. 40B development and (2) the multi month process for the approval of CPA funding. These delays resulted in the units coming on line just as the market began to fall. We had no problem selling the 4 affordable units. In retrospect our decision to create 4 affordable units in a 6 unit project or 67% of the units instead of the usual 20% while laudable was not financially wise. As we closed the project with an outstanding construction and did not earn our expected developer fee of approximately \$150,000.

As set forth in your recommendation to the Planning and Development Board, I am submitting the following information.

I. PLAN TO ACHIEVE LONG-TERM FINANCIAL STABILITY

The City of Newton recommended to the Planning and Development Board that NHRF loans in the amount of \$529,817.24 be forgiven and the recommendation was approved. Thus, we will have an additional \$32,377.00 in income. Those funds will be used to offset the payments associated with the restructuring outline below:

A. The need to payoff the \$198,276.16 outstanding construction loan from the 1101 Chestnut Street project (Millhouse Commons). Restructures loan- 3.5% fixed for three years through March 31, 2012; re-priced at 250 bps over the 3 year FHLB rate for years 4-6 and 6-9. The current monthly payment is \$890.35 or \$10,684.00 annually.

B. The need to develop a long-term plan to make principle and interest payments on an existing line of credit, which has a \$20,000 balance with an interest rate of 6.0%, and an interest-only loan in the amount of \$57,000 with an interest rate of 7.25% with The Village Bank, collectively "TVB Unsecured Obligations". Request that The Village Bank add this debt to the refinanced mortgage of \$160,000 on 11-13 Cambria Road, The cost would be approximately \$397.00 per month or \$4764.00 annually.

C. The need to eliminate CAN-DO's current credit card debt which is \$75,000.

Seek a lender to consolidate these into one loan with a lower interest rate of 9% and plan to pay it off in 5 years. The cost will be approximately \$18,900 per year.

D. The need to sell 29 Coyne Road in order to pay off the TVB mortgage. We have executed a Purchase and Sale Agreement to sell the property to an income eligible first time homebuyer for \$195,000.00. This will enable us to payoff the mortgage of \$185,316.

Under separate cover, I have submitted CAN-DO's actual FY09 and a projected 2010 budget which reflects the funds generated by the elimination of the payments.

## II. ONE TO THREE YEAR STRATEGY FOR STRENGTHENING FINANCIAL EXISTENCE

### A. Reducing Financial Risk when Planning Projects:

Over next three years focus primarily on "as of right" rental projects with a pre-development period, construction period and occupancy of less than 18 months. In addition, we will try to obtain predevelopment funds in order to limit the expenses which must be paid from our operating budget. A possible source of such funds is CEDAC and possibly LISC. We will also build in the maximum allowed developer fee. Funders determine the percentage of a project's total development costs they will allow for a developer fee, DHCD usually allows 15%, Masshousing up to 20% and the Federal Home Loan Bank of Boston up to 15%.

B. Pursue opportunities to increase income by providing fees for services to other nonprofits in Newton and elsewhere. The board revisited the idea of CAN-DO either collaborating with or acting as a consultant for other area nonprofits interested in developing housing. I have had discussions with at least one group who approached us to ask if we would be interested in acting as the developer for a property they would own and operate.

C. Working with Newton Housing Partnership and others to pursue City of Newton building and construction fee waivers.

D. Increase in Fundraising Activities -- The Board of Directors has made a commitment to engage in additional small fundraising events, as well as a second major fundraiser. The board is exploring several activities for the fall and winter to raise approximately \$10,000 including a craft fair (\$4000-\$5000); a clambake excursion (\$1000); a house party with a sports personality; (\$2000); fall newsletter and annual appeals (\$1500). Of course these plans are as rational and will present a significant challenge given the current economic environment. We will also continue to pursue grants from new and old sources.

E. In 2010, Board will explore a Capital Campaign. It has been suggested that despite the difficult financial times; this might be an opportune to engage in a multi-year capital campaign. We will engage a consultant to provide guidance to undertake a campaign of between 300 to 400 thousand dollars. Most of which will be used to establish an endowment to support our operating expenses. If our consultant thinks it is feasible we will some portion (up to \$50,000) to reduce our Cambridge Savings Bank loan.

## III. STRATEGY FOR ENHANCING ORGANIZATIONAL CAPACITY

Since its birth in 1994, CAN-DO's focus has been primarily on the development of affordable units rather than the growth of the organization. Fourteen years later it still has only one paid staff person even though it has assets in excess of \$8 million. One of the strengths of the organization is that it has had very consistent board members who are committed to the mission of the organization. However, it is not a "high-powered" board; none of the board members are wealthy or have access to great wealth. Our efforts to recruit new board members are hampered by federal statute. One third of the board members must have family incomes that fall within the low-moderate income ranges as established by HUD. While the aim is worthy it has been problematic to identify such candidates.

The board and the executive director are in the process of identifying potential candidates for board membership with specific skills not included among the current board members including housing development, legal and organizational management. In addition we are seeking suggestions for potential low-moderate income individuals

with the interest and the time to serve. It is our hope that with the restructuring of our financial position, we will be able to attract individuals willing to take on the challenge of making us a stronger and more viable organization.

The Board has also determined that it is necessary to revisit its prior efforts to develop a 3-5 year strategic plan which includes:

- Identifying techniques to strengthen the role of board members
- Develop a 5-year succession plan for Executive Director
- Identify ways to increase support for Executive Director for day to day operation until such time as there are funds to do so.

#### IV. OPERATING RESERVES

One of the items raised at the last months meeting with the Planning and Development Board was concern about the lack of reserve for each property. While it is certainly desirable to have a reserve for each property; that has not been possible especially for our 2-family properties. It is important to note that all of our 2-family properties are over 100 years old. Each underwent modest rehabs at the time of purchase. Our first priority has been to ensure that ongoing and immediate repairs are made and that the properties are maintained so that they are not visibly unattractive. While costs, especially taxes and water and sewer, have increased, the Section 8 voucher rents have not. So it is not unusual in any given month for the expenses to exceed the income for a given property. We cover that shortfall by moving funds from another property and sometimes we have to transfer funds from the organizational operating budget. Thus placing further strain on our budget. At those properties with more than two units we fund a reserve with excess income at the end of the year, if there is any.

#### V. POSSIBLE COST-CUTTING OPTIONS

We were also asked to examine our budget to see if there were any opportunities for cost-cutting options. As we consider the current budget, we did not identify any specific reductions. The major expenses in the budget are related to staff, rent and accounting.

The only staff person, the Executive Director, has not had a salary increase in 4 years, professional conference and associated travel expenses were eliminated from the budget last year. We just renewed our current lease, with no increase. However, we are exploring opportunities to collaborate with other nonprofits on shared services. It is possible that some of accounting expenses could be reduced by such an endeavor.

I have attempted to address all the issues set forth in the recommendation and raised in the meeting. Again, I would remind you that the position that CAN-DO finds itself in at this moment is not entirely of its making. I would also ask that you look at our circumstances as not unique for a nonprofit developer of affordable housing; there are other nonprofits that have been in existence much longer, and with more depth in staff and financial resources who have also been impacted by the market. The approved debt forgiveness of the NHRF loans is the foundation for the financial restructuring with other lenders.

In closing, I want to emphasize that CAN-DO's future is dependent upon our moving forward with a new project as soon as possible. We look forward to working with you and others interested in our success to fulfilling our mission to develop affordable housing in Newton.

Sincerely,

  
Josephine McNeil  
Executive Director

PLANNING AND DEVELOPMENT BOARD

MEETING AS THE

COMMUNITY DEVELOPMENT BOARD

WRITTEN MATERIAL FOR MARCH 1, 2010, MEETING:

- ~~1. Minutes: Minutes of the January 4, 2010 meeting of the Planning and Development Board acting as the Community Development Board and the Planning Board.~~
- ~~1. Memorandum: Recommendation from the Economic Development Advisory Committee to transfer \$110,900.63 in CDBG economic development loan pool funds to the Newton Housing Rehabilitation Program.~~
2. Letter: from CAN-DO to the Planning and Development Board  
Attachments:
  - a. Total Purchase and Loss for CAN-DO (at Dec 31) 2009 compared to total Purchase and Loss (at Dec 31) 2008
  - b. Operating Purchase and Loss for CAN-DO (excludes gains/losses from property sales) for 2008 and 2009
  - c. 2009 Purchase and Loss for CAN-DO assuming debt had been forgiven for 2009
  - d. 2009 Purchase and Loss and 2010 Budget Purchase and Loss for each project subject to debt forgiveness
  - e. CAN-DO 2010 Operating Purchase and Loss

February 15, 2010

Ms. Tabettha McCartney, Chair  
Newton Planning and Development Board  
Newton City Hall  
1000 Commonwealth Avenue  
Newton, MA 02459

RE: Update on CAN-DO's Financial Status

Dear Ms. McCartney:

I am writing to provide an update on CAN-DO's plan to achieve long-term financial stability. At the Planning and Development Board meeting on July 13<sup>th</sup> we discussed with the Board our plans to address the following major issues facing the organization at that time:

- A. Restructuring of the outstanding construction loan from the 1101 Chestnut Street project (Millhouse Commons). has occurred and monthly payments are being made
- B. The "TVB" Unsecured Obligations' were assumed into the refinancing of the existing mortgage of \$160,000 on 11-13 Cambria Road.
- C. Consolidation of credit card debt. Despite our request to several banks we were not successful in obtaining a bank willing to consolidate the unsecured loans We continue to make the monthly payments and no longer use them. As our financial circumstances improve, we will once more pursue consolidation.
- D. Sale of 29 Coyne Road took place in August and the TVB mortgage was paid off.

We also discussed a one to three year strategy for strengthening our financial existence, which included:

- A. Reducing Financial Risk when Planning Projects. We indicated that over the next three years we would focus primarily on "as of right" rental projects with a pre-development period, construction period and occupancy of less than 18 months. We are currently in the process of a new project. It is a "by-right" project requiring no permitting, the renovations are minimal, and we expect occupancy within 12 months of the inception of the project. We also stated that we would

build into the budget developer fees more consistent with the industry norm and the project includes a 12.5 % fee.

B. Providing fees for services was identified as a method of increasing CAN-DO's income. No opportunity has presented itself to date; but we will continue to seek those opportunities.

C. We will continue to seek construction fee waivers supported by the New the Newton Housing Partnership and others in the city.

D. We set forth a goal to increase our fundraising income by \$10,000 for the for the remainder of the year. As of the writing of this memo, we have received a little over \$16,000 from fundraising and donations including our Annual Appeal.

E We committed to enhancing our organizational capacity. We have not yet made significant progress due in part to anticipation of changes in the board. At least 2 of our board members have given notice of their intention to resign from the board. It seems appropriate to wait until we recruit replacements and then include them in a strategic planning process.

F. There was a discussion regarding the lack of operating reserves for each of the properties. We have addressed that concern for our new Veteran House project by including in the development budget a \$10,000 reserve to be capitalized.

G. The Board of Directors continues to examine and be prudent in its operating expenditures. A member of the Board suggested that the amount spent for auditing and bookkeeping could be reduced through bidding. While we have not put the audit out for bid, we have gone through a hiring process for a new bookkeeper and found that the amount currently being paid is competitive with the needed skill set.

During the meeting, I emphasized that CAN-DO's future was dependent upon our ability to move forward with a new project as soon as possible. Your support enabled us to do that and we are feeling energized at the prospect of our new Veteran House project.

Finally, included in your packet are a series of spreadsheets which indicate CAN-DO's status by property; as well as the operating budget and budgets for 2010 for each property as well and an operating budget. There is a page for each of the following:

1. Total P&L for CAN-DO at Dec 31 2009 compared to total P&L at Dec 31, 2008;
2. Operating P&L (excludes gains/losses from property sales) for 2008 and 2009;
3. 2009 P&L assuming debt had been forgiven for entire 2009;

4. 2009 P&L (from rental income ONLY) and 2010 Budget P&L for each project subject to debt forgiveness from rental income ONLY with principal and interest adjusted for new 2010 year; all income and expenses the same as 2009 with exception of 11-13 Cambria legal fees which were reduced (these were for one time loan closings); and
5. Prepared total 2010 operating P&L for total Cando adjusted for principal and interest payments for the projects subject to the debt forgiveness

Sincerely,

Josephine McNeil  
Executive Director

**Fiscal Year Total Profit & Loss Comparison**

Fiscal Year 2008 - 2009

	<b>Jan - Dec 09</b>	<b>Jan - Dec 08</b>	<b>\$ Change</b>
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
4000 · Grants	79,029.71	137,956.29	-58,926.58
4100 · Contributions & Donations	0.00	20,398.57	-20,398.57
4102 · Fundraising	118,477.94	100,465.50	18,012.44
4150 · Rent	370,011.00	380,034.28	-10,023.28
4200 · Interest Income	88.96	104.86	-15.90
4250 · Laundry Income	2,459.00	3,048.54	-589.54
4300 · Other Income	400.00	9,874.45	-9,474.45
4550 · Management Fee Income	17,428.75	5,000.00	12,428.75
<b>Total Income</b>	<b>587,895.36</b>	<b>656,882.49</b>	<b>-68,987.13</b>
<b>Expense</b>			
5000 · Salary and Related	128,075.63	121,186.83	6,888.80
6100 · Advertising	867.79	803.82	63.97
6120 · Bank Charges	2,743.35	1,298.76	1,444.59
6135 · Conference Fees	372.10	0.00	372.10
6140 · Depreciation	208,000.00	208,233.00	-233.00
6145 · Donations	400.00	525.00	-125.00
6150 · Dues and Subscriptions	1,574.00	2,774.66	-1,200.66
6155 · Insurance D & O	2,127.85	1,225.60	902.25
6156 · Insurance-Facilities	20,658.58	28,115.36	-7,456.78
6157 · Insurance -Office & Auto	1,848.04	1,496.81	351.23
6160 · Interest Expense	133,223.71	173,032.56	-39,808.85
6165 · Miscellaneous	622.94	148.10	474.84
6170 · Management Fees	20,921.12	24,885.49	-3,964.37
6171 · Administrative Fees	18.50	1,300.00	-1,281.50
6172 · Supportive Services	12,616.00	11,462.00	1,154.00
6173 · Condo Fees	4,296.00	4,296.00	0.00
6175 · Postage and Delivery	1,129.97	1,447.89	-317.92
6180 · Printing	6,490.85	7,940.66	-1,449.81
6185 · Payroll Fees	8,078.13	1,205.83	6,872.30
6190 · Professional Fees - Accounting	21,419.89	24,117.16	-2,697.27
6195 · Filing Fees	560.25	1,350.50	-790.25
6200 · Rent Expense	25,520.00	24,721.45	798.55
6205 · Supplies	2,093.24	3,124.08	-1,030.84
6210 · Exterminating	716.00	1,269.00	-553.00
6213 · Janitorial	1,610.00	2,700.00	-1,090.00
6215 · Repairs	950.00	487.41	462.59
6220 · Landscaping	4,270.00	10,099.00	-5,829.00
6221 · Facility Maintenance	37,655.12	26,179.62	11,475.50
6222 · Snow Removal	10,871.50	7,036.00	3,835.50
6230 · Telephone	3,535.67	3,544.42	-8.75
6235 · Travel	126.28	1,708.39	-1,582.11
6238 · Auto lease	3,286.54	3,608.43	-321.89
6240 · Parking	14.00	0.00	14.00
6315 · Consultant	8,761.25	5,178.75	3,582.50
6320 · Legal Fees	3,197.00	497.50	2,699.50
6345 · Security	138.32	333.00	-194.68

**Fiscal Year Total Profit & Loss Comparison**

Fiscal Year 2008 - 2009

	<u>Jan - Dec 09</u>	<u>Jan - Dec 08</u>	<u>\$ Change</u>
<b>6355 · Utilities</b>	31,553.98	36,665.99	-5,112.01
<b>6359 · Internet expense</b>	63.34	0.00	63.34
<b>6400 · Property Taxes</b>	38,861.38	42,159.62	-3,298.24
<b>6710 · Fundraising Fees &amp; Events</b>	13,405.60	6,239.08	7,166.52
<b>Total Expense</b>	<u>762,673.92</u>	<u>792,397.77</u>	<u>-29,723.85</u>
<b>Net Operating Income</b>	-174,778.56	-135,515.28	-39,263.28
<b>Other Income/Expense</b>			
<b>Other Income</b>			
<b>8200 · In-kind Donation</b>	0.00	587.00	-587.00
<b>8400 · Debt Forgiven</b>	920,394.01	108,455.00	811,939.01
<b>8500 · Condo Owner Receipts</b>	0.00	15,480.68	-15,480.68
<b>8700 · Project Sales Gain/Loss</b>	-574,843.37	-432,117.07	-142,726.30
<b>Total Other Income</b>	<u>345,550.64</u>	<u>-307,594.39</u>	<u>653,145.03</u>
<b>Other Expense</b>			
<b>9200 · Development Costs</b>	572.76	2,190.00	-1,617.24
<b>9300 · Capital Costs</b>	0.00	3,399.49	-3,399.49
<b>Total Other Expense</b>	<u>572.76</u>	<u>5,589.49</u>	<u>-5,016.73</u>
<b>Net Other Income</b>	<u>344,977.88</u>	<u>-313,183.88</u>	<u>658,161.76</u>
<b>Net Income</b>	<u><u>170,199.32</u></u>	<u><u>-448,699.16</u></u>	<u><u>618,898.48</u></u>

	<b>Jan - Dec 09</b>	
	<b>Total Actual</b>	<b>Assume Debt Forgiven for Full Year</b>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
<b>4000 - Grants</b>	79,029.71	79,029.71
<b>4100 - Contributions &amp; Donations</b>	-	-
<b>4102 - Fundraising</b>	118,477.94	118,477.94
<b>4150 - Rent</b>	370,011.00	370,011.00
<b>4200 - Interest Income</b>	88.96	88.96
<b>4250 - Laundry Income</b>	2,459.00	2,459.00
<b>4300 - Other Income</b>	400.00	400.00
<b>4550 - Management Fee Income</b>	17,428.75	17,428.75
<b>Total Income</b>	<b>587,895.36</b>	<b>587,895.36</b>
<b>Expense</b>		
<b>5000 - Salary and Related</b>	128,075.63	128,075.63
<b>6100 - Advertising</b>	867.79	867.79
<b>6120 - Bank Charges</b>	2,743.35	2,743.35
<b>6135 - Conference Fees</b>	372.10	372.10
<b>6140 - Depreciation</b>	208,000.00	208,000.00
<b>6145 - Donations</b>	400.00	400.00
<b>6150 - Dues and Subscriptions</b>	1,574.00	1,574.00
<b>6155 - Insurance D &amp; O</b>	2,127.85	2,127.85
<b>6156 - Insurance-Facilities</b>	20,658.58	20,658.58
<b>6157 - Insurance -Office &amp; Auto</b>	1,848.04	1,848.04
<b>6160 - Interest Expense</b>	133,223.71	132,015.86
<b>6165 - Miscellaneous</b>	622.94	622.94
<b>6170 - Management Fees</b>	20,921.12	20,921.12
<b>6171 - Administrative Fees</b>	18.50	18.50
<b>6172 - Supportive Services</b>	12,616.00	12,616.00
<b>6173 - Condo Fees</b>	4,296.00	4,296.00
<b>6175 - Postage and Delivery</b>	1,129.97	1,129.97
<b>6180 - Printing</b>	6,490.85	6,490.85
<b>6185 - Payroll Fees</b>	8,078.13	8,078.13
<b>6190 - Professional Fees - Accounting</b>	21,419.89	21,419.89
<b>6195 - Filing Fees</b>	560.25	560.25
<b>6200 - Rent Expense</b>	25,520.00	25,520.00
<b>6205 - Supplies</b>	2,093.24	2,093.24
<b>6210 - Exterminating</b>	716.00	716.00
<b>6213 - Janitorial</b>	1,610.00	1,610.00
<b>6215 - Repairs</b>	950.00	950.00
<b>6220 - Landscaping</b>	4,270.00	4,270.00
<b>6221 - Facility Maintenance</b>	37,655.12	37,655.12
<b>6222 - Snow Removal</b>	10,871.50	10,871.50
<b>6230 - Telephone</b>	3,535.67	3,535.67
<b>6235 - Travel</b>	126.28	126.28
<b>6238 - Auto lease</b>	3,286.54	3,286.54
<b>6240 - Parking</b>	14.00	14.00
<b>6315 - Consultant</b>	8,761.25	8,761.25
<b>6320 - Legal Fees</b>	3,197.00	3,197.00

	<b>Total Actual</b>	<b>Assume Debt Forgiven for Full Year</b>
<b>6345 - Security</b>	138.32	138.32
<b>6355 - Utilities</b>	31,553.98	31,553.98
<b>6359 - Internet expense</b>	63.34	63.34
<b>6400 - Property Taxes</b>	38,861.38	38,861.38
<b>6710 - Fundraising Fees &amp; Events</b>	13,405.60	13,405.60
<b>Total Expense</b>	<u>762,673.92</u>	<u>761,466.07</u>
<b>Net Operating Income</b>	(174,778.56)	(173,570.71)
<b>Add back</b>		
<b>Depreciation</b>	208,000.00	208,000.00
<b>Interest Expense</b>	<u>133,223.71</u>	<u>132,015.86</u>
<b>Net Operating Income Excluding Depreciation and Interest Expense</b>	<u>166,445.15</u>	<u>166,445.15</u>
<b>Total Debt Service All Properties</b>		
<b>Principal</b>	51,660.11	40,700.61
<b>Interest Expense</b>	<u>133,223.71</u>	<u>132,015.86</u>
<b>Total Debt Service</b>	<u>184,883.82</u>	<u>172,716.47</u>
<b>Total Debt Service Coverage</b>	<u>\$ (18,438.67)</u>	<u>\$ (6,271.32)</u>



**Profit & Loss From Rental Income - Budget 2010**

January through December 2010

**14 Nonantum -  
Garfield House****Budget**

<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4150 · Rent	\$ 58,301.00
<b>Total Income</b>	<u>58,301.00</u>
<b>Expense</b>	
5000 · Salary and Related	4,708.20
6120 · Bank Charges	66.85
6145 · Donations	300.00
6156 · Insurance-Facilites	2,952.00
6160 · Interest Expense	6,908.00
6170 · Management Fees	2,888.04
6185 · Payroll Fees	2,833.78
6190 · Professional Fees - Accounting	1,000.00
6195 · Filing Fees	-
6205 · Supplies	226.51
6210 · Exterminating	240.00
6215 · Repairs	950.00
6221 · Facility Maintenance	10,454.91
6222 · Snow Removal	2,656.00
6230 · Telephone	58.85
6320 · Legal Fees	137.00
6355 · Utilities	9,340.73
<b>Total Expense</b>	<u>45,720.87</u>
<b>Net Operating Income</b>	12,580.13
<b>Add back</b>	
Interest Expense	<u>6,908.00</u>
<b>Net Operating Income</b>	
<b>Excluding Depreciation and Interest Expense</b>	<u><u>19,488.13</u></u>
<b>Total Debt Service All Properties</b>	
Principal	1,534.92
Interest Expense	<u>6,908.00</u>
<b>Total Debt Service</b>	<u><u>8,442.92</u></u>
<b>Total Debt Service Coverage</b>	<u><u>\$ 11,045.21</u></u>

**Profit & Loss From Rental Income - Debt Forgiven July 2009**

January through December 2009

	14 Nonantum - Garfield House	
	Actual	Assume Debt Forgiven for Full Year
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
4150 · Rent	\$ 58,301.00	58,301.00
<b>Total Income</b>	<u>58,301.00</u>	<u>58,301.00</u>
<b>Expense</b>		
5000 · Salary and Related	4,708.20	4,708.20
6120 · Bank Charges	66.85	66.85
6145 · Donations	300.00	300.00
6156 · Insurance-Facilites	2,952.00	2,952.00
6160 · Interest Expense	7,876.91	7,876.91
6170 · Management Fees	2,888.04	2,888.04
6185 · Payroll Fees	2,833.78	2,833.78
6190 · Professional Fees - Accounting	1,000.00	1,000.00
6195 · Filing Fees	-	-
6205 · Supplies	226.51	226.51
6210 · Exterminating	240.00	240.00
6215 · Repairs	950.00	950.00
6221 · Facility Maintenance	10,454.91	10,454.91
6222 · Snow Removal	2,656.00	2,656.00
6230 · Telephone	58.85	58.85
6320 · Legal Fees	137.00	137.00
6355 · Utilities	9,340.73	9,340.73
<b>Total Expense</b>	<u>46,689.78</u>	<u>46,689.78</u>
<b>Net Operating Income</b>	11,611.22	11,611.22
<b>Add back</b>		
Interest Expense	<u>7,876.91</u>	<u>7,876.91</u>
<b>Net Operating Income Excluding Depreciation and Interest Expense</b>	<u>19,488.13</u>	<u>19,488.13</u>
<b>Total Debt Service All Properties</b>		
Principal	5,370.21	2,076.04
Interest Expense	<u>7,876.91</u>	<u>7,876.91</u>
<b>Total Debt Service</b>	<u>13,247.12</u>	<u>9,952.95</u>
<b>Total Debt Service Coverage</b>	<u>\$ 6,241.01</u>	<u>9,535.18</u>

<b><u>11-13 Cambria #2</u></b>	
<b><u>Budget</u></b>	
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4150 · Rent	\$ 34,474.00
<b>Total Income</b>	<u>34,474.00</u>
<b>Expense</b>	
6156 · Insurance-Facilities	3,524.50
6160 · Interest Expense	14,338.00
6170 · Management Fees	2,520.00
6213 · Janitorial	300.00
6220 · Landscaping	716.00
6221 · Facility Maintenance	4,734.28
6222 · Snow Removal	1,552.00
6315 · Consultant	467.50
6320 · Legal Fees	75.00
6355 · Utilities	1,372.97
6400 · Property Taxes	6,491.27
<b>Total Expense</b>	<u>36,091.52</u>
<b>Net Operating Income</b>	(1,617.52)
<b>Add back</b>	
Interest Expense	<u>14,338.00</u>
<b>Net Operating Income</b>	
<b>Excluding Depreciation and Interest Expense</b>	<u><u>12,720.48</u></u>
<b>Total Debt Service All Properties</b>	
Principal	3,093.00
Interest Expense	<u>14,338.00</u>
<b>Total Debt Service</b>	<u><u>17,431.00</u></u>
<b>Total Debt Service Coverage</b>	<u><u>\$ (4,710.52)</u></u>

**Profit & Loss From Rental Income - Debt Forgiven July 2009**

January through December 2009

	11-13 Cambria #2	
	Actual	Assume Debt Forgiven for Full Year
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
4150 · Rent	\$ 34,474.00	34,474.00
<b>Total Income</b>	<u>34,474.00</u>	<u>34,474.00</u>
<b>Expense</b>		
6156 · Insurance-Facilities	3,524.50	3,524.50
6160 · Interest Expense	12,666.11	12,666.11
6170 · Management Fees	2,520.00	2,520.00
6213 · Janitorial	300.00	300.00
6220 · Landscaping	716.00	716.00
6221 · Facility Maintenance	4,734.28	4,734.28
6222 · Snow Removal	1,552.00	1,552.00
6315 · Consultant	467.50	467.50
6320 · Legal Fees	2,679.00	2,679.00
6355 · Utilities	1,372.97	1,372.97
6400 · Property Taxes	6,491.27	6,491.27
<b>Total Expense</b>	<u>37,023.63</u>	<u>37,023.63</u>
<b>Net Operating Income</b>	(2,549.63)	(2,549.63)
<b>Add back</b>		
Interest Expense	<u>12,666.11</u>	<u>12,666.11</u>
<b>Net Operating Income Excluding Depreciation and Interest Expense</b>	<u>10,116.48</u>	<u>10,116.48</u>
<b>Total Debt Service All Properties</b>		
Principal	3,465.73	2,657.81
Interest Expense	<u>12,666.11</u>	<u>12,666.11</u>
<b>Total Debt Service</b>	<u>16,131.84</u>	<u>15,323.92</u>
<b>Total Debt Service Coverage</b>	<u>\$ (6,015.36)</u>	<u>(5,207.44)</u>

**Profit & Loss From Rental Income - Budget 2010**

January through December 2010

**18-20 Cambria #1****Budget**

<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4150 · Rent	\$ 44,064.00
<b>Total Income</b>	<u>44,064.00</u>
<b>Expense</b>	
6120 · Bank Charges	(0.99)
6156 · Insurance-Facilites	4,087.00
6160 · Interest Expense	13,830.00
6170 · Management Fees	3,120.00
6195 · Filing Fees	75.00
6213 · Janitorial	250.00
6220 · Landscaping	765.00
6221 · Facility Maintenance	4,157.07
6222 · Snow Removal	1,552.00
6315 · Consultant	467.50
6320 · Legal Fees	72.00
6345 · Security	138.32
6355 · Utilities	1,561.15
6400 · Property Taxes	6,778.22
<b>Total Expense</b>	<u>36,852.27</u>
<b>Net Operating Income</b>	7,211.73
<b>Add back</b>	
Interest Expense	<u>13,830.00</u>
<b>Net Operating Income</b>	
Excluding Depreciation and Interest Expense	<u>21,041.73</u>
<b>Total Debt Service All Properties</b>	
Principal	5,121.00
Interest Expense	<u>13,830.00</u>
<b>Total Debt Service</b>	<u>18,951.00</u>
<b>Total Debt Service Coverage</b>	<u>\$ 2,090.73</u>

**Profit & Loss From Rental Income - Debt Forgiven July 2009**

January through December 2009

	18-20 Cambria #1	
	Actual	Assume Debt Forgiven for Full Year
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
4150 · Rent	\$ 44,064.00	44,064.00
<b>Total Income</b>	<u>44,064.00</u>	<u>44,064.00</u>
<b>Expense</b>		
6120 · Bank Charges	(0.99)	(0.99)
6156 · Insurance-Facilites	4,087.00	4,087.00
6160 · Interest Expense	15,311.58	14,103.73
6170 · Management Fees	3,120.00	3,120.00
6195 · Filing Fees	75.00	75.00
6213 · Janitorial	250.00	250.00
6220 · Landscaping	765.00	765.00
6221 · Facility Maintenance	4,157.07	4,157.07
6222 · Snow Removal	1,552.00	1,552.00
6315 · Consultant	467.50	467.50
6320 · Legal Fees	72.00	72.00
6345 · Security	138.32	138.32
6355 · Utilities	1,561.15	1,561.15
6400 · Property Taxes	6,778.22	6,778.22
<b>Total Expense</b>	<u>38,333.85</u>	<u>37,126.00</u>
<b>Net Operating Income</b>	5,730.15	6,938.00
<b>Add back</b>		
Interest Expense	<u>15,311.58</u>	<u>14,103.73</u>
<b>Net Operating Income Excluding Depreciation and Interest Expense</b>	<u>21,041.73</u>	<u>21,041.73</u>
<b>Total Debt Service All Properties</b>		
Principal	7,912.15	6,617.64
Interest Expense	<u>15,311.58</u>	<u>14,103.73</u>
<b>Total Debt Service</b>	<u>23,223.73</u>	<u>20,721.37</u>
<b>Total Debt Service Coverage</b>	\$ <u>(2,182.00)</u>	<u>320.36</u>

**Profit & Loss From Rental Income - Budget 2010**

January through December 2010

**20-22 Falmouth****Budget**

<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4150 · Rent	\$ 37,116.00
<b>Total Income</b>	<u>37,116.00</u>
<b>Expense</b>	
6120 · Bank Charges	20.00
6156 · Insurance-Facilites	2,864.00
6160 · Interest Expense	15,594.00
6170 · Management Fees	2,585.00
6195 · Filing Fees	75.00
6213 · Janitorial	660.00
6220 · Landscaping	560.00
6221 · Facility Maintenance	3,850.13
6222 · Snow Removal	1,552.00
6315 · Consultant	1,435.00
6355 · Utilities	840.18
6400 · Property Taxes	5,688.48
<b>Total Expense</b>	<u>35,723.79</u>
<b>Net Operating Income</b>	1,392.21
<b>Add back</b>	
Interest Expense	<u>15,594.00</u>
<b>Net Operating Income</b>	
<b>Excluding Depreciation and Interest Expense</b>	<u><u>16,986.21</u></u>
<b>Total Debt Service All Properties</b>	
Principal	4,300.00
Interest Expense	<u>15,594.00</u>
<b>Total Debt Service</b>	<u><u>19,894.00</u></u>
<b>Total Debt Service Coverage</b>	<u><u>\$ (2,907.79)</u></u>

**Profit & Loss From Rental Income - Debt Forgiven July 2009**

January through December 2009

	20-22 Falmouth	
	Actual	Assume Debt Forgiven for Full Year
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
4150 · Rent	\$ 37,116.00	\$ 37,116.00
<b>Total Income</b>	<u>37,116.00</u>	<u>37,116.00</u>
<b>Expense</b>		
6120 · Bank Charges	20.00	20.00
6156 · Insurance-Facilites	2,864.00	2,864.00
6160 · Interest Expense	15,080.62	15,080.62
6170 · Management Fees	2,585.00	2,585.00
6195 · Filing Fees	75.00	75.00
6213 · Janitorial	660.00	660.00
6220 · Landscaping	560.00	560.00
6221 · Facility Maintenance	3,850.13	3,850.13
6222 · Snow Removal	1,552.00	1,552.00
6315 · Consultant	1,435.00	1,435.00
6355 · Utilities	840.18	840.18
6400 · Property Taxes	5,688.48	5,688.48
<b>Total Expense</b>	<u>35,210.41</u>	<u>35,210.41</u>
<b>Net Operating Income</b>	1,905.59	1,905.59
<b>Add back</b>		
Interest Expense	<u>15,080.62</u>	<u>15,080.62</u>
<b>Net Operating Income Excluding Depreciation and Interest Expense</b>	<u>16,986.21</u>	<u>16,986.21</u>
<b>Total Debt Service All Properties</b>		
Principal	5,930.47	4,597.15
Interest Expense	<u>15,080.62</u>	<u>15,080.62</u>
<b>Total Debt Service</b>	<u>21,011.09</u>	<u>19,677.77</u>
<b>Total Debt Service Coverage</b>	<u>\$ (4,024.88)</u>	<u>(2,691.56)</u>

**Profit & Loss From Rental Income - Budget 2010**

January through December 2009

**90 Christina - Kayla  
House****Budget**

<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4150 · Rent	\$ 90,459.00
<b>Total Income</b>	<u>90,459.00</u>
<b>Expense</b>	
5000 · Salary and Related	5,620.20
6156 · Insurance-Facilities	815.08
6160 · Interest Expense	18,809.00
6165 · Miscellaneous	622.94
6170 · Management Fees	4,648.08
6172 · Supportive Services	12,616.00
6173 · Condo Fees	4,296.00
6185 · Payroll Fees	3,395.25
6190 · Professional Fees - Accounting	1,000.00
6195 · Filing Fees	-
6205 · Supplies	50.00
6220 · Landscaping	552.00
6221 · Facility Maintenance	7,093.16
6222 · Snow Removal	130.50
6230 · Telephone	98.06
6320 · Legal Fees	75.00
6355 · Utilities	7,710.73
6400 · Property Taxes	8,098.97
<b>Total Expense</b>	<u>75,630.97</u>
<b>Net Operating Income</b>	14,828.03
<b>Add back</b>	
Interest Expense	<u>18,809.00</u>
<b>Net Operating Income Excluding Depreciation and Interest Expense</b>	<u><u>33,637.03</u></u>
<b>Total Debt Service All Properties</b>	
Principal	7,683.00
Interest Expense	<u>18,809.00</u>
<b>Total Debt Service</b>	<u><u>26,492.00</u></u>
<b>Total Debt Service Coverage</b>	<u><u>\$ 7,145.03</u></u>

**Profit & Loss From Rental Income - Debt Forgiven July 2009**

January through December 2009

	<b>90 Christina - Kayla House</b>	
	<b>Actual</b>	<b>Assume Debt Forgiven for Full Year</b>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
4150 · Rent	\$ 90,459.00	90,459.00
<b>Total Income</b>	<u>90,459.00</u>	<u>90,459.00</u>
<b>Expense</b>		
5000 · Salary and Related	5,620.20	5,620.20
6156 · Insurance-Facilities	815.08	815.08
6160 · Interest Expense	24,763.18	24,763.18
6165 · Miscellaneous	622.94	622.94
6170 · Management Fees	4,648.08	4,648.08
6172 · Supportive Services	12,616.00	12,616.00
6173 · Condo Fees	4,296.00	4,296.00
6185 · Payroll Fees	3,395.25	3,395.25
6190 · Professional Fees - Accounting	1,000.00	1,000.00
6195 · Filing Fees	-	-
6205 · Supplies	50.00	50.00
6220 · Landscaping	552.00	552.00
6221 · Facility Maintenance	7,093.16	7,093.16
6222 · Snow Removal	130.50	130.50
6230 · Telephone	98.06	98.06
6320 · Legal Fees	75.00	75.00
6355 · Utilities	7,710.73	7,710.73
6400 · Property Taxes	8,098.97	8,098.97
<b>Total Expense</b>	<u>81,585.15</u>	<u>81,585.15</u>
<b>Net Operating Income</b>	8,873.85	8,873.85
<b>Add back</b>		
Interest Expense	<u>24,763.18</u>	<u>24,763.18</u>
<b>Net Operating Income Excluding Depreciation and Interest Expense</b>	<u><u>33,637.03</u></u>	<u><u>33,637.03</u></u>
<b>Total Debt Service All Properties</b>		
Principal	10,833.55	7,937.29
Interest Expense	<u>24,763.18</u>	<u>24,763.18</u>
<b>Total Debt Service</b>	<u><u>35,596.73</u></u>	<u><u>32,700.47</u></u>
<b>Total Debt Service Coverage</b>	<u><u>\$ (1,959.70)</u></u>	<u><u>936.56</u></u>

**Profit & Loss From Rental Income - Budget 2010**

January through December 2010

**163 Jackson****Budget**

<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4150 · Rent	\$ 37,977.00
<b>Total Income</b>	<u>37,977.00</u>
<b>Expense</b>	
6156 · Insurance-Facilites	2,864.00
6160 · Interest Expense	15,124.00
6170 · Management Fees	2,760.00
6195 · Filing Fees	75.00
6220 · Landscaping	677.00
6221 · Facility Maintenance	5,396.58
6222 · Snow Removal	2,092.00
6355 · Utilities	2,492.65
6400 · Property Taxes	5,807.24
<b>Total Expense</b>	<u>37,288.47</u>
<b>Net Operating Income</b>	688.53
<b>Add back</b>	
Interest Expense	<u>15,124.00</u>
<b>Net Operating Income</b>	
Excluding Depreciation and Interest Expense	<u><u>15,812.53</u></u>
<b>Total Debt Service All Properties</b>	
Principal	4,338.00
Interest Expense	<u>15,124.00</u>
<b>Total Debt Service</b>	<u><u>19,462.00</u></u>
<b>Total Debt Service Coverage</b>	\$ <u><u>(3,649.47)</u></u>

**Profit & Loss From Rental Income - Debt Forgiven July 2009**

January through December 2009

	<b>163 Jackson</b>	
	<b>Actual</b>	<b>Assume Debt Forgiven for Full Year</b>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
4150 · Rent	\$ 37,977.00	37,977.00
<b>Total Income</b>	<u>37,977.00</u>	<u>37,977.00</u>
<b>Expense</b>		
6156 · Insurance-Facilities	2,864.00	2,864.00
6160 · Interest Expense	15,515.59	15,515.59
6170 · Management Fees	2,760.00	2,760.00
6195 · Filing Fees	75.00	75.00
6220 · Landscaping	677.00	677.00
6221 · Facility Maintenance	5,396.58	5,396.58
6222 · Snow Removal	2,092.00	2,092.00
6355 · Utilities	2,492.65	2,492.65
6400 · Property Taxes	5,807.24	5,807.24
<b>Total Expense</b>	<u>37,680.06</u>	<u>37,680.06</u>
<b>Net Operating Income</b>	296.94	296.94
<b>Add back</b>		
Interest Expense	<u>15,515.59</u>	<u>15,515.59</u>
<b>Net Operating Income Excluding Depreciation and Interest Expense</b>	<u><u>15,812.53</u></u>	<u><u>15,812.53</u></u>
<b>Total Debt Service All Properties</b>		
Principal	5,930.71	4,597.39
Interest Expense	<u>15,515.59</u>	<u>15,515.59</u>
<b>Total Debt Service</b>	<u><u>21,446.30</u></u>	<u><u>20,112.98</u></u>
<b>Total Debt Service Coverage</b>	<u><u>\$ (5,633.77)</u></u>	<u><u>(4,300.45)</u></u>

**Operating Profit & Loss - Budget 2010**

Fiscal Year 2010

Jan - Dec 10

	<u>Budget</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4000 · Grants	79,029.71
4100 · Contributions & Donations	-
4102 · Fundraising	118,477.94
4150 · Rent	370,011.00
4200 · Interest Income	88.96
4250 · Laundry Income	2,459.00
4300 · Other Income	400.00
4550 · Management Fee Income	17,428.75
<b>Total Income</b>	<u>587,895.36</u>
<b>Expense</b>	
5000 · Salary and Related	128,075.63
6100 · Advertising	867.79
6120 · Bank Charges	2,743.35
6135 · Conference Fees	372.10
6140 · Depreciation	208,000.00
6145 · Donations	400.00
6150 · Dues and Subscriptions	1,574.00
6155 · Insurance D & O	2,127.85
6156 · Insurance-Facilities	20,658.58
6157 · Insurance -Office & Auto	1,848.04
6160 · Interest Expense	126,612.72
6165 · Miscellaneous	622.94
6170 · Management Fees	20,921.12
6171 · Administrative Fees	18.50
6172 · Supportive Services	12,616.00
6173 · Condo Fees	4,296.00
6175 · Postage and Delivery	1,129.97
6180 · Printing	6,490.85
6185 · Payroll Fees	8,078.13
6190 · Professional Fees - Accounting	21,419.89
6195 · Filing Fees	560.25
6200 · Rent Expense	25,520.00
6205 · Supplies	2,093.24
6210 · Exterminating	716.00
6213 · Janitorial	1,610.00
6215 · Repairs	950.00
6220 · Landscaping	4,270.00
6221 · Facility Maintenance	37,655.12
6222 · Snow Removal	10,871.50
6230 · Telephone	3,535.67
6235 · Travel	126.28
6238 · Auto lease	3,286.54
6240 · Parking	14.00
6315 · Consultant	8,761.25
6320 · Legal Fees	593.00

**Operating Profit & Loss - Budget 2010**

Fiscal Year 2010

	<u>Budget</u>
6345 · Security	138.32
6355 · Utilities	31,553.98
6359 · Internet expense	63.34
6400 · Property Taxes	38,861.38
6710 · Fundraising Fees & Events	13,405.60
<b>Total Expense</b>	<u>753,458.93</u>
<b>Net Operating Income</b>	(165,563.57)
<b>Add back</b>	
Depreciation	208,000.00
Interest Expense	126,612.72
<b>Net Operating Income</b>	
<b>Excluding Depreciation and Interest Expense</b>	<u>169,049.15</u>
<b>Total Debt Service All Properties</b>	
Principal	38,287.21
Interest Expense	126,612.72
<b>Total Debt Service</b>	<u>164,899.93</u>
<b>Total Debt Service Coverage</b>	<u>\$ 4,149.22</u>

**PLANNING AND DEVELOPMENT BOARD MINUTES**

March 1, 2010 City Hall, Planning and Development Department Rm 209, 7:30 p.m.  
1000 Commonwealth Avenue, Newton, Massachusetts 02459

**Action Item: Update from Citizens for Affordable Housing in Newton Development Organization, Inc. (CAN-DO) on the organization's progress in meeting the goals outlined in their July 8, 2009 letter to the Planning and Development Board.**

Josephine McNeil, the executive director of CAN-DO, provided the Board with a history of the organization. CAN-DO was formed in response to the availability of federal funds for a Community Housing Development Organization (CHDO) in Newton. The City approached Newton Community Development Foundation (NCDF) for assistance in identifying potential board members for Newton's CHDO. In 1994 Ms. McNeil became one of six initial CAN-DO board members. CAN-DO collaborated with the Second Step to develop its first project, Garfield House, in 1996. Garfield House is a transitional home for survivors of domestic violence. In 1999 CAN-DO received a CDBG capacity building grant from the City. This grant enabled the organization to hire Ms. McNeil as a part time Executive Director. In last ten years, CAN-DO has developed 37 units, 30 of which are deed restricted. CAN-DO worked with Newton Community Service Center to develop the Christina Street project. This project was the organization's first experience with a Chapter 40B project. Due to neighborhood opposition the project took a year longer to complete than was originally anticipated.

CAN-DO has expanded their development and management portfolio to include affordable rental units. These units currently house families with Section 8 vouchers. CAN-DO has assisted a total of 45 homeless families (including 80 children). An additional 26 families (including 30 children) have been assisted with permanent rental housing and eight families have been provided with homeownership opportunities in Newton as a result of CAN-DO.

CAN-DO's mission driven efforts have led the organization to assume risk. For example, CAN-DO recently utilized one of their vacant rental units to house a homeless single mother with a child. The family was taken in with the expectation that the City would soon receive Homeless Prevention and Rapid Re-Housing Program (HPRP) funds, as part of the American Recovery and Reinvestment Act, which could be applied to this situation. These funds took six months longer than anticipated to come through.

Another example of this risk is exemplified in the Millhouse project. Four of the six units were affordable in this project. When the housing market declined, CAN-DO was unable to financially recover, because the sale of the market rate units no longer supported the affordable units. Millhouse took over three years to complete and CAN-DO had no developer fee to show for the project. The project had a detrimental effect on the organization's financial situation and left CAN-DO operating off of credit card debt. The debt forgiveness approved by the Planning and Development Board in June 2009 offered some financial relief.

Over the next several years CAN-DO plans to develop a two unit, rental development targeted to veterans. The developer fees anticipated as a result of this project are expected to improve CAN-DO's financial situation further.

Ken Sinclair, CAN-DO's treasurer, reviewed the financial information submitted in the Planning and Development Board member's packets. Mr. Sinclair explained that each property should be able to financially stand on its own. These projects should be making a management payment to CAN-DO's central operating budget. This is currently not the situation due to the organization's diminished and/or lack of developer fees. However, CAN-DO's fundraising has gone up 18% from 2008 to 2009. This is particularly remarkable given the current economy.

The 2009 audit is in progress and CAN-DO will be submitting the results of that audit to the Planning and Development Board. The organization's profit and loss statement, which includes the direct loan forgiveness, shows an \$18,000 loss for 2009. However, without this loan forgiveness CAN-DO would have had a \$29,000 to \$30,000 loss in 2009. In 2010, projections show that the organization will experience a year end gain of \$4,000. While this is not where the CAN-DO hopes to be it represents a good start to regaining better financial control.

T. McCartney indicated that she was not pleased with the financial information submitted by CAN-DO and stated that more thought should have been put into the pro forma. Instead of carrying over all costs as a constant CAN-DO should account for increasing costs and anticipated vacancies. There were several individual property management fees, which include salary, payroll fees, and standard maintenance, that were very high. T. McCartney would like CAN-DO to strive toward a standard management fee of 5% to 10%, instead of the current 18% to 20%. In addition, certain maintenance costs in a rental property operation should be capitalized instead of expensed (as is currently being done). A balance sheet, showing the debt on each property and the organization's cash position should also be submitted to the Board. T. McCartney would like CAN-DO's board to evaluate the operating numbers with the goal of increasing the financial effectiveness of each property. For example, the expenses at Garfield House account for 80% of the property's income. Going forward CAN-DO should provide information to the Board on these expenses. In addition, the services grant that goes along with the (off setting) services expense for Christina Street should be shown as income for the property. T. McCartney would also like quarterly meetings to take place between the Board and CAN-DO.

J. Moss wondered why the developer fee for Veteran's House would be higher than the other properties developed by CAN-DO. Ms. McNeil responded that CAN-DO plans to take the maximum developer fee (12.5%) in order to enable the organization to set aside reserves for each property. In the past CAN-DO's developer fee was 5% to 7% but this has not been enough to sustain the financial viability of the organization.

D. Banash stated that he believes CAN-DO should hire an internal auditor to provide the type of financial analysis that T. McCartney completed as a volunteer. Ms. McNeil stated that the perspectives and methodologies of financial analysts differ from person to person. For example, while T. McCartney has one philosophy with regard to capitalizing expenses, CAN-DO's bookkeeper adheres to a different methodology.

It was Ms. McNeil's understanding that the Board was looking for a comparison of CAN-DO financial status prior to the loan forgiveness, after the loan forgiveness, and going forward. A financial analysis on each property was not conducted. If the Board would like to review this type of analysis they need to be aware that additional funds will need to be expended by CAN-DO to pay the bookkeeper for additional hours of work. T. McCartney responded that obtaining this type of help is also a matter of board development.

Mr. Lepie stated that he does not believe CAN-DO addressed how they were improving the financial status of the organization and explaining their plans for the future. He also believes that there are accessibility issues with CAN-DO's new project, Veterans House. T. McCartney responded that it is unreasonable to expect CAN-DO to have completed a 180 turn in the past nine months but progress is being made by the organization to change directions.

**Federal Home Loan Bank of Boston**  
**2009 AFFORDABLE HOUSING PROGRAM**  
**IMPLEMENTATION PLAN**

[www.fhlbboston.com/communitydevelopment/fundingprograms/ahp/downloads/ahp\\_implementation\\_plan\\_09.pdf](http://www.fhlbboston.com/communitydevelopment/fundingprograms/ahp/downloads/ahp_implementation_plan_09.pdf)

**p. 18 of 49**

Developer fee

Typically, the developer's fee includes any developer overhead, fee and development consultant costs, the total of which shall not exceed 12.5 percent of total development cost, net of fee. However, if a primary funding source (such as the Low Income Housing Tax Credit program or HUD) allows a higher fee or requires a lower fee amount, the allowed amount of the developer fee of the AHP shall be the same, net of fee. In such case, any allowed developer fee in excess of 12.5 percent, net of fee, must be loaned back into the development, treated as equity or paid out of surplus cash flow in reasonably even installments, as available, over the 15 year retention period, at a market rate of interest. In any other case, whenever the amount of developer fee proposed is in excess of 12.5 percent, net of fee, the developer fee and the requested subsidy amount will be proportionately reduced.

**NOTE: The FHLBB is providing a grant of \$50,000 for the Veteran House project.**