

Note 5 – Loan Receivable:

The City of Hartford donated land at 1450 Main Street to SOC for the development of housing. SOC formed an entity (North End Gateway Limited Partnership) to raise equity for this development; SOC is a 1% owner in this entity. SOC sold the land at 1450 Main Street to North End Gateway Limited Partnership based upon an independent appraisal for \$560,000. SOC received payment of \$56,000 and a note for \$504,000 with interest at 4.91% per annum, due on May 25, 2037. Accrued interest income is not currently being recorded by SOC.

Note 6 – Real Estate, Furniture and Equipment:

SOC has purchased various parcels of real estate and has constructed/rehabilitated them for the purpose of providing at-risk persons with affordable housing. SOC is also actively involved in acquiring more real estate for the purpose of constructing/rehabilitating to provide additional affordable housing to at-risk persons.

Real estate is stated at the lower of cost or market. Depreciation is calculated using the straight-line method of accounting over the shorter of the estimated useful lives of the assets or the remaining lease term. Building and improvements are generally depreciated over 31 years and furniture and equipment are depreciated over 7 to 10 years. Depreciation expense is not recorded on projects until the construction/rehabilitation is completed and the certificate of occupancy is issued.

Following is a summary of real estate, furniture, and equipment by location at December 31, 2007:

Administration	\$ 56,512
96-98 Martin Street	756,385
655 Garden Street	576,328
Bacon Congregate	530,438
MLK	<u>6,175,238</u>
	8,094,901
Less accumulated depreciation	<u>(2,886,450)</u>
Net real estate, furniture and equipment	<u>\$ 5,208,451</u>

96-98 Martin Street is composed of six units, 655 Garden Street is composed of four units, Bacon Congregate is composed of twenty-three units, and MLK Cooperative, Inc. is composed of sixty-four units. Generally, units are leased for one year.

Note 7 – Commitments and Contingencies:

Grants require the fulfillment of certain conditions as set forth in the grant. Failure to fulfill the conditions can result in the return of funds to grantors. Management is of the opinion that the conditions of the grants are being met.

Note 8 – Retirement Plan:

SOC has a defined contribution retirement plan, which covers substantially all of its employees. All employees with three months of service are eligible to participate. During the year ended December 31, 2007, SOC recorded expense of \$24,128.