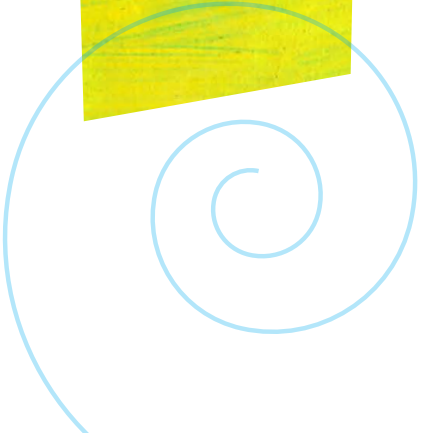
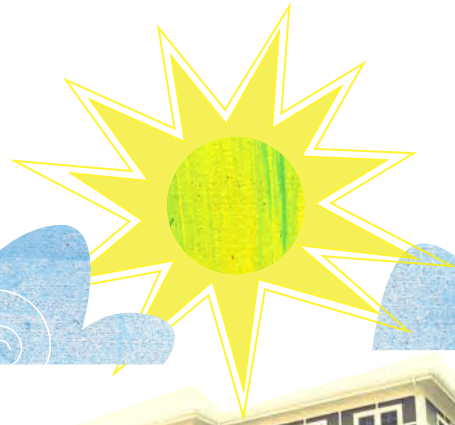
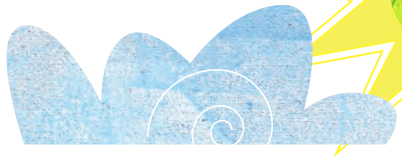


HEARTH • ANNUAL REPORT 2012





Hearth is a non-profit organization dedicated to the elimination of homelessness among the elderly. This mission is accomplished through a unique blend of prevention, placement, and housing programs all designed to help elders find and succeed in homes of their own. To this end, all housing operated by Hearth provides a creative array of supportive services that assist residents to age with dignity, regardless of their special medical, mental health, or social needs. Hearth believes these goals are best accomplished through respect for elders and staff, with the desire to see both achieve their highest degree of potential.

DEAR FRIENDS

This has been a remarkably fruitful year. We remain proud of Hearth's continued fiscal health and our steadfast progress towards meeting the goals of our strategic plan. Once again, we would like to credit our many supporters and partners for their parts in Hearth's many-faceted achievements toward realizing these goals:

Goal 1: To increase the supply of permanent, affordable, and supportive housing in Greater Boston for homeless elders and elders at risk of homelessness. Mission accomplished - Olmsted is not only open but it is full with 61 residents! Hearth's Real Estate Committee is currently exploring what our next project will be and we look forward to reporting on that in 2013.

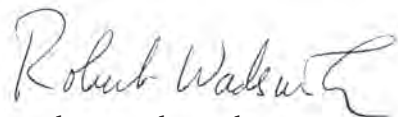
Goal 2: To place more homeless and at-risk elders in Greater Boston into existing permanent and affordable housing. By the end of October 2012, Outreach had already exceeded its 2012 goal of placing 85 people in permanent housing. Much of this success is thanks to the staff's sophisticated efforts to solidify important partnerships and collaborations with other agencies, including with the Boston Housing Authority.

Goal 3: To achieve national recognition for elder homelessness as a distinct problem requiring specific policy responses and tailored service solutions. Invitations to speak at four national conferences, a West Coast Convening being planned in Los Angeles, and continued work with the Corporation for Supportive Housing and Los Angeles-based Shelter Partnership increased recognition of this problem and built momentum for more effective solutions.

Goal 4: It takes a village to further Hearth's work and keep the organization strong and healthy. Our residents and clients benefit from the relationships Hearth has with several area universities and programs, including Boston University School of Social Work, Mass College of Pharmacy, and the Harvard Geriatric Fellowship Program. In turn, the interns and fellows who work at Hearth gain valuable skills they can take into the workforce. The creation of the Hearth Community Advisory Council gives the elders we serve a role in shaping Hearth's policies. And, to support our staff and their development, Hearth provides many opportunities for trainings and further education to help achieve their potential and provide the best care for our residents.

But how do we know the meaning and impact of our efforts beyond savings to Medicare and Medicaid, and beyond fewer elders in Boston's shelters? It is when we see the joy and the relief when new residents like Lilliam, Mohammed and Robert (stories page 4-5), put their keys in their doors and know they are truly home. Thank you for caring.

Sincerely,



Robert Wadsworth
Hearth Board Chair



Mark Hinderlie
Hearth President & CEO



This past year Hearth celebrated the opening of our Olmsted Green residence. This brand new building with on-site support services is a national model for senior housing.

GOAL 1: To increase the supply of permanent, affordable, and supportive housing in Greater Boston for homeless elders and elders at risk of homelessness.

The Ribbon Cutting for Olmsted Green was held on June 8, 2012 and was an exciting celebration of the many partnerships and efforts that brought this important project to fruition. The people and organizations in attendance included Boston Mayor Thomas Menino and the Commonwealth's Executive Office of Elder Affairs; members of Hearth's Olmsted Development Team and the larger Olmsted Green Community Advisory Council; Hearth residents, Board of Director and staff members; Adopt-a-Room volunteers and donors along with other corporate and foundation supporters; and representatives from fellow nonprofits such as HomeStart and the Art Connection.



WHAT'S NEXT? The creation of more service-enriched affordable housing for this population is critical if we are to prevent homelessness from growing in our community. In March, 2012, D.C. based Wider Opportunities for Women released its 2011 update of their Elder Economic Security Index (EESI). The news for Massachusetts seniors was alarming: Massachusetts ranked first in the nation as the most economically insecure state for elders. It is more unlikely that elders who live in Massachusetts will be able to achieve economic security than elders in any other state in the nation. As an example, a single senior renter age 65+ requires \$27,048 income each year to meet basic expenses. The median income of

Olmsted Green resident Richard Myree talks about the meaning of home at the Ribbon Cutting.



Boston Mayor Thomas Menino shakes hands with
Hearth resident Richard Myree after he cuts the
ribbon. Mayor Menino also presented Richard with
a piece of the ribbon as a keepsake.

*“Hearth represents the kind of organization
that makes it easy for philanthropy. They do it
all, and they do it well. The Boston Foundation
is proud to be a long-term supporter of this
organization, which combines high quality
housing with key services.”*

Paul Grogan,
President & CEO
The Boston Foundation



Mark Hinderlie with Evelyn Friedman, former Director
of the Dept. of Neighborhood Development; Duamarius
Stukes from the Massachusetts Office of Elder Affairs;
and Steve Carvalho, Acting Undersecretary
of the Massachusetts Department of
Housing and Community Development,
at the Ribbon Cutting Ceremony.

fully retired Massachusetts elders (excluding SSI
and public assistance) is \$16,800. The gap between
income needed and median income is \$10,248, the
largest gap faced by elders anywhere else in the U.S.

STAY TUNED! *STAY TUNED!* Hearth’s Real Estate Committee
is busy looking for Hearth’s next opportunity
to create more housing for formerly
homeless elders.



GOAL 2: To place more homeless and at-risk elders in Greater Boston into existing permanent and affordable housing.

Hearth's Outreach Program works with close to 300 homeless elders and elders at-risk of homelessness each year. Case Managers: identify homeless elders by visiting emergency shelters and responding to referrals; assess elders' housing and service needs and formulate individualized housing search plans; help elders to collect documents and information to qualify for housing, health care, and service programs; locate affordable housing opportunities; assist elders with applications and interviews; arrange for moving assistance and household donations; and provide post-placement services for six months to help elders adjust and succeed in housing.



LILLIAM: Lilliam can tell you the date – February 13, 2012 – when she first went to one of Boston's shelters. She recalls nights when there were not enough beds, and she found herself walking the streets in the dead of winter, terrified and alone. In the shelter she found ways to help out, including writing for the shelter's newsletter and sewing and ironing for other guests. Lilliam was born in Havana, Cuba and came to the United States in 1980 with her husband and baby to start a new life. She worked at a school in Somerville and even published a book, *88 Keys That Open the Doors of Hope*. Life was good until her husband passed away four years ago and she suffered a heart attack. She found herself with no where to go when the managers of her daughter's apartment wouldn't allow her to stay there. After months of working with her Hearth Case Manager, Meredith Jones, Lilliam found her home at Olmsted Green. Now 65 and full of energy, she says she feels like a new person and is pleased to be in a position to help others.

Hearth's Outreach Team has far exceeded their 2012 goal and had placed 105 people in permanent housing by the end of October 2012.



MOHAMMED: Mohammed recently turned 76 and jokes that some of his bad luck may be because he was born on Friday the 13th. He was drafted to the Army in 1954, did basic training in Fort Bliss, Texas and was discharged in 1956. After leaving the army he married Barbara (who passed away in 1997); they had a family and lived in Boston. He is proud of being a “first class auto mechanic” and has also worked as a carpenter, truck driver, and a cab driver. In 2008 Mohammed was diagnosed with cancer and found he could no longer keep up his house which he soon lost. He was on chemo but knows that the real secret to getting better was his grandmother’s aloe vera tea, which he drinks every day despite its taste. He entered the Veterans Shelter in Boston on August 19, 2011. In his new home at Olmsted Green he looks forward to his daily walks in Franklin Park. He is most excited about cooking his grandmother’s recipes, especially his favorite, chitlins and collard greens.

ROBERT: Robert, age 65, is on his bike at 5 am every morning heading from his new home at Olmsted Green to his volunteer job at Cardinal Medeiros Center in the South End, a day shelter for homeless older adults. At the Center he serves breakfast and lunch to the guests and has won an award for his volunteer work there. When he became homeless less than a year ago, he didn’t want to burden his children and went to a shelter. He spent a great deal of time each day at Cardinal Medeiros Center volunteering and participating in programs for people age 45 and older which enabled him to safely stay away from the younger, more dangerous crowd in the shelters. Robert found the process of getting out of homelessness very frustrating, but it eventually paid off. On June 30th he signed his lease for Olmsted Green and felt at peace – like he “was in heaven.” He will continue to volunteer at Cardinal Medeiros Center until he can find some work. It means a lot to him to help people who are in the same situation he was in.

Robert was recently honored for his tireless work as a volunteer for other homeless elders at the Cardinal Medeiros Center in Boston.



GOAL 3: To achieve national recognition for elder homelessness as a distinct problem requiring specific policy responses and tailored service solutions.



“A solid base was established by the 2011 work of the NLI (National Leadership Initiative); but much remains to be done. Elder homelessness is a growing problem and more light must be shed upon it and its solutions. The National Alliance to End Homelessness strongly supports the work of Hearth, Inc., the Corporation for Supportive Housing, and their partners to achieve this goal, and urges its continuations through 2012.”

Nan R. Roman, President/CEO
National Alliance to End Homelessness

NATIONAL: Hearth continues its partnership with the Corporation for Supportive Housing and the Los Angeles based Shelter Partnership. Mark Hinderlie, Ellen Feingold, Connie Tempel and Steve Renahan have continued to speak at conferences across the country including the National Alliance to End Homelessness in July 2012, and LeadingAge in Denver in October 2012.

In September 2012, Hearth was one of six stops for a group of U.S. and international senior housing providers who were on a “Housing Plus Services Study Tour” in New England. Hosted by International Association of Homes and Services for the Ageing (IAHSA) and the LeadingAge Center for Applied Research, this six day tour also included Jewish Community Housing for the Elderly, Hebrew Senior Life, Sanborn Place and Cathedral Square. Participants came from as far away as Australia, Sweden and Seattle Washington.

The National Leadership Initiative released a policy paper that can be found on Hearth’s web site <http://www.hearth-home.org/about/nli.html>.

LOCAL: Central to helping achieve national recognition for the problem is a deep understanding of the issue here in Massachusetts. Mark Hinderlie

participates as co-chair of the Massachusetts Housing and Shelter Alliance (MHSA)’s Elder Task Force and serves on the Advisory Council to the Interagency Council on Housing & Homelessness. Fred Berman from the National Center on Family Homelessness as well as a Hearth Board of Visitor member, provided keen analysis of the results of a joint MHSA, Hearth, and Executive Office of Elder Affairs (EOEA) survey of homeless adults age 50 and over. On the following page are a few of the charts providing interesting information about the population.

All stakeholders involved with the NLI have been enormously gratified at the enthusiastic response to our message. The effort to shed light on this issue and share strategies that work has been welcomed and embraced by people and organizations who have been struggling as the numbers of homeless older adults continue to increase nationally.”

Constance Tempel, COO Corporation for Supportive Housing & Co-Chair of the National Leadership Initiative to End Elder Homelessness

Results from March 14, 2012 MHSA Survey of Homeless Elders

RESPONDENTS

Approx. 80% of respondents were surveyed in Metro Boston and Worcester County locations.

Note: The relatively small numbers of respondents from outside Metro Boston and Worcester County made it impractical to calculate regional differences.



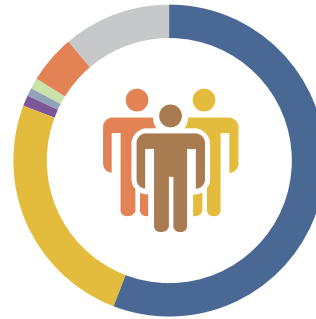
Boston	- 613
Cape & Islands	- 10
Merrimack Valley	- 44
Metro Boston	- 85
North Shore	- 24
South Coast	- 21
South Shore	- 50
Western Mass	- 46
Worcester County	- 100

EDUCATION



High School/GED	- 41%
Some Voc/Tech	- 1%
Voc/Tech Graduate	- 1%
Some College	- 21%
College Graduate	- 9%
Post-College	- 3%
Prefer not to answer	- 2%
K-8	- 8%
Some High School	- 14%

RACE



White/Not Hispanic	- 56%
Black/Not Hispanic	- 25%
Multi-Racial/Not Hispanic	- 1%
Asian/Not Hispanic	- 1%
Native American/Not Hispanic	- 1%
Other/Not Hispanic	- 5%
Hispanic	- 11%

PERIOD OF HOMELESSNESS



More than one year	- 65%
Less than a month	- 4%
1-3 months	- 9%
4-6 months	- 10%
7-12 months	- 12%

DUAL DIAGNOSIS



Dual diagnosis	- 30%
Mental health care only	- 20%
Substance abuse treatment only	- 15%
No reported history of SA or MH treatment	- 35%

Top ten problems encountered in finding housing (of 939 respondents):

Reason	Total
Income	50%
Waitlisted	39%
Criminal record	22%
No or bad credit	19%
Lack documentation	12%
Do not know how	11%
Age related	9%
Health/Disability	8%
Previous eviction(s)	5%

GOAL 4: To promote the sustainability of Hearth, Inc. and the Hearth Model of Services.

The sustainability of Hearth is dependent upon many things including client and resident satisfaction and input, and extending our workforce through the use of volunteers and interns. The following pages highlight some of the important aspects of being a sustainable model:

INTERNS: Hearth is able to extend our workforce thanks to the fellows, interns and students from local universities who provide important team-based care to clients and residents. In turn, Hearth is able to provide important training opportunities for these individuals.

Hearth's 2012-2013 interns include:

- Three Masters students from the Boston University School of Social Work's Lowy Geriatric Education Model (Lowy-GEM) who work at Ruggles Assisted Living, Anna Bissonnette House, Elsie Frank House, and Hearth at Burroughs Street;
- one Masters of Social Work student from Bridgewater State who works at *Hearth at Olmsted Green*;
- one Masters in Expressive Therapies student from Lesley University who works with residents at Olmsted Green and Uphams Corner ElderHouse and will help organize the annual Resident Art Show next spring;

The Outreach Team with their interns from the 2011-2012 school year. Cheryl Straughter and Emily Glynn from the Simmons School of Social Work.



- and two Masters of Social Work students from the Simmons School of Social Work who work in the Outreach Program.

There are also four more Lowy-GEM students completing their enrichment placement projects at the Elsie Frank House, Olmsted Green, and Ruggles, and by working with the Hearth Community Advisory Council.

Additionally, Heath continues its work with the Simmons Schools of Nursing and Health Sciences; Mass College of Pharmacy; and the Northeastern Physical Therapy Program, providing important supplemental health and wellness education and support.

Hearth is also in its 4th year of welcoming fellows in geriatric medicine, dentistry and psychiatry from the Harvard Geriatric Fellowship Program.

RESIDENTS: The Community Advisory Council (CAC), made up of eight representatives from Hearth's sites, was created in 2010 as a forum for the resident and client voices to be heard and to enable them to have a role in shaping Hearth's policies. In 2012 the CAC welcomed a new member as the representative of Hearth at Olmsted Green. And for the first time the CAC is working with an MSW student from Boston University, Sarah MacDonald, who supports the work of the group along with facilitators Eileen Marra, a Hearth Outreach Case Manager, and Greg Ansin, a Hearth Board Member. Ruggles resident and CAC

member Tom Mullen, who is also a member of the Board of Directors, organized a very successful Q&A session for residents who participate in the Hearth's Representative Payee program. One of the goals the CAC hopes to focus on in 2013 is to create a sense of community among the residents of all of Hearth's sites by organizing an annual event that all can attend.

STAFF: As part of Hearth's commitment to providing the best care for the elders we serve, Hearth is dedicated to supporting our staff and helping them "achieve their highest degree of potential" as stated in our mission statement. Hearth offers in-house opportunities such as CPR certification and other mandatory trainings for the Certified Home Health Aides and other staff with licensing credentials. Hearth also provides opportunities for staff to meet CEU requirements with costs either paid for by Hearth or provided in-kind. In 2012, Hearth arranged for in-house trainings such as Hoarding; Domestic Violence and Elders; Substance Abuse Screening, Brief Intervention and Referral to Treatment; Dementia; Caring for Challenging Residents; Acute Health Emergencies; and Diabetic Teaching.

Heath continues its work with the Simmons Schools of Nursing and Health Sciences; Mass College of Pharmacy; and the Northeastern Physical Therapy Program, providing important supplemental health and wellness education and support.

VOLUNTEERS 2012

❶ Students from Boston University volunteered as the Elsie Frank House in Jamaica Plain as part of the BU First-Year Student Outreach Project.

❷ Volunteers from Northeastern University dug up unwanted shrubs at the Burroughs Street House in Jamaica Plain.

❸ At the end of June, David Maxwell and Hearth Board Members Diana Kelly and Michealle Larkins made a delicious lunch for the new residents at *Hearth at Olmsted Green*.

❹ Board of Visitor member Harold Forbes was recognized for his work with the Hearth Outreach Program Food Pantry. Adrienne Beloin, Director of the Hearth Outreach Program, presented Harold with his award.

❺ The Ignatian Volunteer Corps received one of two Community Partner awards. Volunteers Ann Bersani and Cristina Nelson, along with IVC Regional Director Dave Hinchin, accepted the award (pictured with Hearth founder Anna Bissonnette).





⑥ Temple Beth Avodah in Newton was the other recipient of the Community Partner award. Bunny Aronsen (pictured with Hearth Director of Behavioral Health Debbi Cutler) accepted the award on behalf of the temple.



⑦ Members of the State Street Spirit Group adopted and decorated an apartment for *Hearth at Olmsted Green*.



⑧ Several schools took part in the Adopt-a-Room Program. Student volunteers did everything from moving furniture to setting the time on 59 microwave clocks. Some of the schools include (clockwise) The Dexter School, Roxbury Latin, Newton Country Day, and Noble & Greenough.



FINANCIAL STATEMENT

January - December 2011

The organization's financial condition continues to be strong as results from operations were profitable and cash and equivalent accounts have grown. Additionally, the organization made significant progress with the development of Olmsted Green, a 59 unit supportive housing building, with groundbreaking commencing in April 2011. The development, which was 64% complete in 2011, has been completed and opened in May, 2012 and fully occupied by October, 2012. The project has been completed on time, under budget and will result in Hearth receiving developer fees and overhead repayments of \$0.75M in early 2013.

Real Estate Development shows a loss, but the loss is the result of a non-cash charge recorded to reserve 100% against the repayment of the loan Hearth provided to the Hearth Olmsted development. The money Hearth gave to Hearth Olmsted was raised through philanthropy with no repayment expectation. However, the Olmsted deal structure called this funding a loan instead of equity, which required a reserve against future non-payment of the loan to be taken.

The combined statement of Activities and Operations indicate significant losses. However, this is reflective of the nature of the business structure used in creating subsidized housing and not the financial condition. The operations are designed to generate cash flow and operating losses, so that the limited partners can utilize tax benefits.

Revenues	Total in Dollars	% of Total
Government Grants and other contracts	926,003	25%
Rental Fees and Program Revenues	1,598,436	44%
Donations & Funds Released from Donor Restriction	901,674	25%
Recovery of Developer Advances	92,812	3%
Other	149,831	4%
Total Revenues - Operations	3,668,756	100%
Expenses - Operations		
Institutional Advancement:		
Fundraising	241,744	7%
PR and Volunteer Management	36,780	1%
General Administrative	587,279	16%
Housing/Supportive Services	2,223,048	61%
Outreach	363,167	10%
National Leadership	90,763	3%
Property Management	80,017	2%
Total Expenses - Operations (before depreciation/amortization)	3,622,798	100%
Net Surplus/(Deficit) before depreciation - Operations	45,958	
Depreciation/amortization	(147,746)	
Surplus/(Deficit) - Operations	(101,788)	
Real Estate Development (Olmsted)		
Revenues - Real Estate Development		
Developer Fees	69,180	
Donations & Funds Released from Donor Restriction	557,765	
Total Revenues - Real Estate Development	626,945	
Expenses - Real Estate Development		
Reserve on Developmental Grants	1,068,865	
Total Expenses - Real Estate Development	1,068,865	
Surplus/(Deficit) - Real Estate Development	(441,920)	
Total Unrestricted Surplus/(Deficit)	(543,708)	

Assets	Total in Dollars
Current Assets:	
Cash and Equivalent	1,714,991
Receivables	486,487
Funds Held in Trust	39,071
Prepaid Expenses and Deposits	347,051
Total Current Assets	2,710,140
Property and Equipment	2,672,527
Other Assets	1,449,560
Total Assets	6,832,227
Liabilities and Net Assets	
Current Liabilities	
Long-term debt, deferred interest and payables	388,226
Net Assets	3,985,980
Total Liabilities and Net Assets	6,832,227

Combined Statement of Activities and Operations

Hearth, Inc. partly owns and fully operates three for-profits: The Ruggles Assisted Living Limited Partnership facility, the East Concord Street Limited Partnership supportive housing facility and the Hearth Olmsted Limited Partnership supportive housing facility. These limited partnerships are designed to create managed operating losses which the original investors use to offset operating profits in their general operations under the Federal Low Income Housing Tax Credit program (LIHTC). The combined activity fully represents the financial condition of Hearth, Inc. and related parties.

Hearth, Inc. Net Surplus (Deficit)	(543,708)
Ruggles Assisted Living Limited Partnership Net Income (Loss)	(190,414)
East Concord Street Limited Partnership Net Income (Loss)	(193,501)
Hearth Olmsted Limited Partnership (a) Net Income/(Loss)	—
Combined Net Surplus (Deficit)	(927,623)

(a) Hearth Olmsted was under development in 2011. Project spending amounted to \$10.5M (64% of \$16.4M budget) at year end. The building was completed in April 2012 and tenants began moving into the 59 room facility in May.

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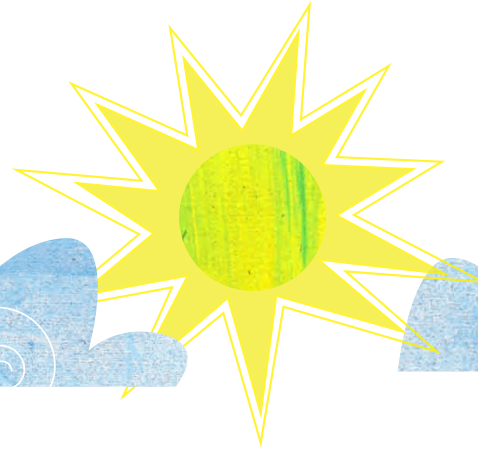
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