

BATH HOUSING DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2017 and 2016

BATH HOUSING DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bath Housing Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Bath Housing Development Corporation, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bath Housing Development Corporation as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Certified Public Accountants

May 24, 2018
South Portland, Maine

BATH HOUSING DEVELOPMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

	ASSETS	
	2017	2016
CURRENT ASSETS		
Cash		
Operating Accounts	\$ 181,516	\$ 230,645
Investments - Cash and Equivalents	6,701	9,446
Tax and Insurance Reserve	7,492	14,657
Replacement Reserve (Note 7)	236,859	199,827
Operating Reserve (Note 7)	15,459	15,431
Residual Receipts Reserve (Notes 6 and 7)	12,507	12,503
Total Cash	460,534	482,509
Other Current Assets		
Accounts Receivable - Tenants	4,651	5,103
Accounts Receivable - Grants (Note 5)	202,901	-
Due from Related Party (Note 3)	15,858	-
Tenant Security Deposits	27,119	19,772
Prepaid Insurance	2,528	1,444
Prepaid Real Estate Taxes	6,267	4,872
Investments (Note 9)	306,073	296,896
Property Held for Resale or Development (Note 4)	150,700	150,700
Total Current Assets	1,176,631	961,296
PROPERTY AND EQUIPMENT (Note 2)		
Land	1,500,439	1,448,000
Buildings	3,360,916	3,045,296
Building Equipment	115,381	115,381
Maintenance Equipment	7,825	7,825
Motor Vehicles	22,748	22,748
Construction in Progress	403,276	78,427
Total	5,410,585	4,717,677
Less Accumulated Depreciation	726,326	610,575
Net Property and Equipment	4,684,259	4,107,102
TOTAL ASSETS	\$ 5,860,890	\$ 5,068,398

See accompanying notes to the financial statements.

BATH HOUSING DEVELOPMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION
(Continued)

December 31, 2017 and 2016

LIABILITIES AND NET ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 159,472	\$ 20,074
Accounts Payable - Related Party (Note 3)	-	55,391
Accrued Interest Payable	3,279	609
Accrued Compensated Absences	2,186	2,339
Accrued Payroll	1,929	1,903
Prepaid Revenue	141	-
Tenant Security Deposits and Interest	20,968	18,257
Mortgage Notes Payable - Current Portion	<u>112,972</u>	<u>104,345</u>
Total Current Liabilities	<u>300,947</u>	<u>202,918</u>
LONG-TERM LIABILITIES (Note 2)		
Mortgage Notes Payable	2,795,807	2,648,330
Deferred Financing Costs	(37,881)	(40,420)
Accrued Interest Payable	11,144	11,144
	<u>2,769,070</u>	<u>2,619,054</u>
Less Current Portion	<u>112,972</u>	<u>104,345</u>
Total Long-term Liabilities	<u>2,656,098</u>	<u>2,514,709</u>
TOTAL LIABILITIES	<u>2,957,045</u>	<u>2,717,627</u>
NET ASSETS		
Unrestricted Net Assets	2,882,505	2,310,110
Temporarily Restricted Net Assets (Note 8)	<u>21,340</u>	<u>40,661</u>
Total Net Assets	<u>2,903,845</u>	<u>2,350,771</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,860,890</u></u>	<u><u>\$ 5,068,398</u></u>

See accompanying notes to the financial statements.

BATH HOUSING DEVELOPMENT CORPORATION

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2017
 (With Comparative Summarized Information for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017</u>	<u>2016</u>
REVENUE FROM OPERATIONS				
Housing Assistance Payments (Note 6)	\$ 445,438	\$ -	\$ 445,438	\$ 543,869
Rental Revenue	368,955	-	368,955	338,960
Grant Income (Note 5)	557,016	82,000	639,016	81,150
Other Income	14,446	-	14,446	5,469
TOTAL REVENUE FROM OPERATIONS	<u>1,385,855</u>	<u>82,000</u>	<u>1,467,855</u>	<u>969,448</u>
OPERATING EXPENSES				
Supportive Services				
Management and General	94,381	4,769	99,150	84,464
Total Supportive Services	<u>94,381</u>	<u>4,769</u>	<u>99,150</u>	<u>84,464</u>
Program Services				
Housing Programs	728,885	-	728,885	702,363
Community Aging in Place Program	-	96,552	96,552	78,309
Total Program Services	<u>728,885</u>	<u>96,552</u>	<u>825,437</u>	<u>780,672</u>
TOTAL OPERATING EXPENSES	<u>823,266</u>	<u>101,321</u>	<u>924,587</u>	<u>865,136</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>562,589</u>	<u>(19,321)</u>	<u>543,268</u>	<u>104,312</u>
Non-Operating Activity				
Investment Income	9,806	-	9,806	4,735
Total Non-Operating Activities	<u>9,806</u>	<u>-</u>	<u>9,806</u>	<u>4,735</u>
CHANGE IN NET ASSETS	572,395	(19,321)	553,074	109,047
NET ASSETS AT BEGINNING OF YEAR	<u>2,310,110</u>	<u>40,661</u>	<u>2,350,771</u>	<u>2,241,724</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,882,505</u>	<u>\$ 21,340</u>	<u>\$ 2,903,845</u>	<u>\$ 2,350,771</u>

See accompanying notes to the financial statements.

BATH HOUSING DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 553,074	\$ 109,047
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	115,751	111,050
Amortization of Deferred Financing Costs	2,539	2,539
Gain on Sale of Land	(4,500)	-
Unrealized Gain on Investments	(219)	(1,612)
Noncash Investment Activity	1,193	2,300
Changes in Operating Assets and Liabilities:		
Accounts Receivable - Tenants	452	2,946
Accounts Receivable - Grants	(202,901)	-
Due from Related Party	(15,858)	-
Tenant Security Deposits	(7,347)	(3,553)
Prepaid Insurance	(1,084)	7,009
Prepaid Real Estate Taxes	(1,395)	3,387
Accounts Payable	8,804	(8,099)
Accounts Payable - Related Party	(55,391)	49,761
Accrued Interest Payable	2,670	(25)
Accrued Compensated Absences	(153)	(4,718)
Accrued Payroll	26	(1,097)
Prepaid Rent	141	(1,256)
Tenant Security Deposits Liability	2,711	4,011
Net Cash Provided by Operating Activities	<u>398,513</u>	<u>271,690</u>
Cash Flows from Investing Activities:		
Purchases of Property, Plant and Equipment	(562,314)	(194,638)
Proceeds from Sale of Land	4,500	-
Sales of Investments	95,725	-
Purchases of Investments	(105,876)	(10,000)
Net Cash Used by Investing Activities	<u>(567,965)</u>	<u>(204,638)</u>
Cash Flows from Financing Activities:		
Long-term Debt Proceeds	248,484	237,902
Repayment of Long-term Debt	(101,007)	(98,229)
Net Cash Provided by Financing Activities	<u>147,477</u>	<u>139,673</u>
Net Increase (Decrease) in Cash	(21,975)	206,725
Cash at Beginning of Year	<u>482,509</u>	<u>275,784</u>
Cash at End of Year	<u>\$ 460,534</u>	<u>\$ 482,509</u>
Supplemental Disclosure of Cash Flows Information:		
Cash Paid During the Year for:		
Interest	<u>\$ 118,677</u>	<u>\$ 126,899</u>

See accompanying notes to the financial statements.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Bath Housing Development Corporation (the Corporation) is a nonprofit 501(c)(3) corporation established to foster, encourage, participate in, finance, own, operate, promote and advance the development of housing projects and related facilities affordable by primarily low income persons and families; to provide affordable financial and technical assistance and services to low income homeowners; and to implement programs intended to enhance the growth of social and economic stability for low income families; and to promote the common good and general welfare of the inhabitants throughout Sagadahoc County, Maine.

Programs - The Corporation's financial statements include the rental activities of several properties located within the town of Bath, Maine: 19 Oak Street, 822, 832, and 842 Middle Street, 806 Middle Street, Seacliff Apartments, 49 Elm Street, 28 Maple Street, and 470 Washington Street. The Corporation also runs the Comfortably Home program to assist area elderly residents living at home.

Method of Accounting - The financial statements of the Corporation are prepared on the accrual basis of accounting, and include only those assets, liabilities and results of operations which relate to the business of Bath Housing Development Corporation.

Property and Equipment - Property and equipment are stated at cost. Buildings, improvements, and equipment are being depreciated using the straight-line method over their estimated useful lives. Repairs and maintenance are expensed and betterments and renewals are capitalized as incurred. When assets are retired or disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains and losses are reflected in income.

Debt Issuance Costs - Debt issuance costs incurred in connection with the issuance of long-term debt are capitalized and amortized to interest expense over the term of the debt using the straight-line method, which approximates the effective interest method. The unamortized amount is presented as a reduction of long-term debt on the balance sheet.

Income Taxes - No provision for taxes on income is made since Bath Housing Development Corporation, as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code, is exempt from federal and state income taxes.

In accordance with accounting principles generally accepted in the United States of America, management has evaluated its exposure to material tax positions and determined that there are no such tax positions requiring accounting recognition. Informational returns filed by the Corporation are subject to examination by the Internal Revenue Service for a period of three years. While no informational returns are currently being examined by the Internal Revenue Service, the three previous tax years remain open. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Trademark - The Corporation has obtained a trademark for its Comfortably Home program. The trademark was developed internally and thus the value is limited to fees directly related to securing the legal registration of the trademark, which has been determined to be insignificant and has not been capitalized.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash - For purposes of reporting cash flows, cash includes cash on hand and amounts due from banks. The statements of cash flows do not include tenant security deposits in cash. These funds are held in trust and may be returned to the tenants.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - Subsequent events have been evaluated through May 24, 2018, the date the financial statements were available to be issued.

NOTE 2 - MORTGAGE NOTES PAYABLE

A mortgage note payable to MaineHousing is due in May 2028 and is secured by residential rental property at 822, 832, and 842 Middle Street in Bath. The note bears interest at 4% per annum and requires monthly payments of principal and interest of \$1,274. The note balances at December 31, 2017 and 2016 were \$130,072 and \$139,944, respectively.

A mortgage note payable to the City of Bath is secured by residential rental property at 822, 832, and 842 Middle Street in Bath and is due upon sale of the property. The note bears interest at 3% up to a maximum of \$11,144. The balance due on the note at both December 31, 2017 and 2016 was \$103,043. Accrued interest on the note at both December 31, 2017 and 2016 was \$11,144.

A mortgage note payable to MaineHousing is due in February 2046 and is secured by residential rental property at 806 Middle Street in Bath. The note is guaranteed by Bath Housing Authority. The note bears interest at 5% per annum and requires monthly payments of principal and interest of \$671. The note balances at December 31, 2017 and 2016 was \$121,392 and \$123,313, respectively.

A mortgage note payable to MaineHousing is due July 1, 2046 and is secured by residential rental property at 49 Elm Street in Bath. The note is guaranteed by Bath Housing Authority. The notes bears interest at 5% per annum and requires monthly payments of principal and interest of \$429. The note balances at December 31, 2017 and 2016 were \$78,310 and \$79,515, respectively.

A mortgage note payable to MaineHousing is due July 1, 2046 and is secured by residential rental property at 28 Maple Street in Bath. The note is guaranteed by Bath Housing Authority. The note bears interest at 5% per annum and requires monthly payments of principal and interest of \$177. The note balances at December 31, 2017 and 2016 were \$32,206 and \$32,702, respectively. See also Note 10.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 2 - MORTGAGE NOTES PAYABLE (Continued)

A mortgage note payable to MaineHousing is due September 1, 2019 and is secured by residential rental property at 470 Washington Street in Bath. The note is guaranteed by Bath Housing Authority. The note bears interest at 3% per annum and requires monthly interest only payments of \$500. The note balance at December 31, 2017 was \$200,000.

A mortgage note payable to MaineHousing is due November 30, 2020 and is secured by residential rental property at 57 Chestnut Street in Bath. The note is in accordance with MaineHousing's Land Acquisition Program and will be forgiven as of the date in which the mortgaged property is sold to a family with income less than or equal to 80% of area median income. The note is non-interest bearing. The note balance at December 31, 2017 was \$48,484.

A mortgage note payable to Bath Savings Institution is due November 29, 2032 and is secured by Seacliff Apartments. The note bears interest at 5.86% per annum and requires monthly payments of principal and interest of \$10,616. The note balances at December 31, 2017 and 2016 were \$1,263,062 and \$1,314,678, respectively. The Corporation may request additional advances on the note up to a maximum of \$2,500,000 subject to bank approval.

A mortgage note payable to Bath Housing Authority, a related party, is due November 29, 2032 and is secured by Seacliff Apartments. The note bears interest at 4% per annum and requires monthly payments of principal and interest of \$6,060. The note balances at December 31, 2017 and 2016 were \$819,238 and \$855,135, respectively.

Maturities on the loans are as follows:

2018	\$ 112,972
2019	315,220
2020	169,573
2021	127,268
2022	133,776
Thereafter	<u>1,936,998</u>
	<u>\$ 2,795,807</u>

NOTE 3 - RELATED PARTY TRANSACTIONS

The Corporation entered into a management agreement with Bath Housing Authority, an affiliate, for Seacliff Apartments and is required to pay a management fee equal to 12% of collected rents. Management fees of \$89,325 and \$88,653 were incurred during 2017 and 2016, respectively.

During 2017 and 2016, the Corporation paid administrative and maintenance reimbursements of \$220,061 and \$185,628, respectively, to the Bath Housing Authority.

Bath Housing Authority leases the building from the Corporation under an operating lease expiring on December 31, 2017. During both 2017 and 2016, Bath Housing Authority paid rent of \$28,800 to the Corporation. This amount is included in rental income. The lease was renewed in 2018 for three years at \$28,800 per annum.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 3 - RELATED PARTY TRANSACTIONS (Continued)

At December 31, 2017, the Corporation was owed \$15,858 from Bath Housing Authority. At December 31, 2016, the Corporation owed Bath Housing Authority \$55,391.

Bath Housing Authority provides guarantees for certain mortgages of the Corporation. See Note 2.

NOTE 4 - PROPERTY HELD FOR RESALE OR DEVELOPMENT

Property held for resale or development consists of 18.84 acres of undeveloped land on High Street in Bath and 1.97 acres of undeveloped land on Tarbox Street in Bath.

NOTE 5 - GRANT INCOME

The Corporation receives grant income from a variety of sources to fund multiple programs for area residents. During 2017 and 2016, John T. Gorman awarded \$20,000 and \$45,000, respectively for the Comfortably Home program. In addition, during 2017, MaineHousing awarded \$50,000 for the Comfortably Home program. Other significant grants include \$20,000 received in both 2017 and 2016 from the City of Bath.

In 2017, the Corporation was awarded \$538,673 of Community Development Block Grant Funds from the City of Bath for the purpose of renovating the 49 Elm Street, 28 Maple Street and 470 Washington Street properties. The funds are released as eligible renovation costs are expended. At December 31, 2017, \$528,991 of grant funds had been earned of which \$202,901 was receivable.

NOTE 6 - HOUSING ASSISTANCE AGREEMENT

The U.S. Department of Housing and Urban Development (HUD) has contracted with Seacliff Apartments under Section 8 of Title II of the Housing and Community Development Act of 1974, to make housing assistance payments to the project on behalf of qualified tenants. The renewal contract, dated October 1, 2012, is for a twenty-year period with two (2) five-year renewals. Effective October 1, 2017, gross contract rents equal \$764,580 and may not be increased without HUD approval.

In accordance with HUD Housing Notice H-2012-14, Seacliff Apartments is required to use funds in the residual receipts account to offset project based Section 8 housing assistance payments. The project is allowed to maintain \$250 per unit to use for project purposes, subject to agency approval. The excess balance will be used to reduce project based Section 8 housing assistance payments until the excess is used. During 2017 and 2016, the project used \$103,290 and \$31, respectively, of residual receipts to offset housing assistance payments. These funds have been recorded as Residual Receipts Recapture Income with an offset to Residual Receipts Recapture Expense. Net housing assistance payments earned during 2017 and 2016 totaled \$445,438 and \$543,869, respectively.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 7 - COMMITMENTS

Under the terms of the Regulatory Agreement with MaineHousing, Seacliff Apartments is required to make deposits to an escrow account to fund expected future costs as determined by the Capital Needs Assessment:

<u>Escrow Account</u>	<u>Amount</u>
Replacement Reserve	Currently \$3,065 monthly

Under the terms of the Housing Assistance Contract with HUD, Seacliff Apartments is required to deposit annual surplus cash into a residual receipts account. Use of residual receipt funds is contingent upon HUD's written approval.

Under the terms of a Regulatory Agreement with MaineHousing, the Corporation is required to fund an Operating Reserve in the amount of \$500 annually for the use of the residential rental units located at 822, 832 and 842 Middle Street, Bath.

As required by a Financial Assistance Agreement with MaineHousing, for a period of thirty years, the Corporation will endeavor to keep at least 7 of the 8 residential rental units located at 822, 832 and 842 Middle Street in Bath occupied by individuals or families whose income is 60% or less of the area median income. In addition, for the Qualified Project Period, the low income units shall be rent-restricted at 50% of the area median income.

Per the Declaration of Covenants, Conditions and Restrictions with MaineHousing, the Corporation is required to maintain 100% of the units at 806 Middle Street, 28 Maple Street, 49 Elm Street and 470 Washington Street leased to persons whose income is at or below 80% of area median income.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2017 and 2016, the Corporation's temporarily restricted net assets are comprised of unexpended grant funds.

NOTE 9 - INVESTMENTS MEASURED AT FAIR VALUE

Bath Housing Development Corporation maintains an investment account with People's United Bank. These amounts are not FDIC insured and are subject to market fluctuation. The Corporation accounts for its investments in accordance with FASB ASC 820-10-50, which requires disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1- Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date. Level 1 investments include mutual funds.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 9 - INVESTMENTS MEASURED AT FAIR VALUE (Continued)

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. Level 2 investment inputs include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in non-active markets. Level 2 investments include fixed income mutual funds, corporate bonds and investments in real estate investment trusts.

Level 3 – Unobservable inputs for the asset or liability. The Corporation does not have any Level 3 investments.

The following tables illustrate the classification of Bath Housing Development Corporation's financial instruments measured on a recurring basis within the fair value hierarchy as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Mutual Funds (Level 1)	\$ 68,253	\$ 20,498
Mutual Funds (Level 2)	8,465	-
Corporate Bonds (Level 2)	225,337	276,398
Real Estate Investment Trust (Level 2)	<u>4,018</u>	<u>-</u>
	<u>\$ 306,073</u>	<u>\$ 296,896</u>

The return on investments for the years ended December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Interest and Dividends	\$ 7,331	\$ 4,641
Unrealized Gain (Loss) on Investments	(974)	1,612
Account Fees	(1,707)	(1,522)
Realized Gain	<u>1,782</u>	<u>4</u>
	<u>\$ 6,432</u>	<u>\$ 4,735</u>

NOTE 10 - SUBSEQUENT EVENT

In March 2018, MaineHousing modified the note secured by 28 Maple Street by increasing the loan to \$150,992.

SUPPLEMENTARY INFORMATION

BATH HOUSING DEVELOPMENT CORPORATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2017

	ASSETS			
	Bath Housing Development Corporation	Seacliff Apartments	Intercompany Eliminations	Total
CURRENT ASSETS				
Cash				
Operating Accounts	\$ 10,350	\$ 171,166	\$ -	\$ 181,516
Investments - Cash and Equivalents	6,701	-	-	6,701
Tax and Insurance Reserve	-	7,492	-	7,492
Replacement Reserve	2,537	234,322	-	236,859
Operating Reserve	15,459	-	-	15,459
Residual Receipts Reserve	-	12,507	-	12,507
Total Cash	35,047	425,487	-	460,534
Other Current Assets				
Accounts Receivable - Tenants	2,224	2,427	-	4,651
Accounts Receivable - Grants	202,901	-	-	202,901
Due from Related Party	23,338	(7,480)	-	15,858
Tenant Security Deposits	11,656	15,463	-	27,119
Prepaid Insurance	2,528	-	-	2,528
Prepaid Real Estate Taxes	6,267	-	-	6,267
Investments	306,073	-	-	306,073
Property Held for Resale or Development	150,700	-	-	150,700
Total Current Assets	740,734	435,897	-	1,176,631
PROPERTY AND EQUIPMENT				
Land	219,492	1,280,947	-	1,500,439
Buildings	1,395,870	1,965,046	-	3,360,916
Building Equipment	11,952	103,429	-	115,381
Maintenance Equipment	7,825	-	-	7,825
Motor Vehicles	22,748	-	-	22,748
Construction in Progress	403,276	-	-	403,276
Total	2,061,163	3,349,422	-	5,410,585
Less Accumulated Depreciation	396,885	329,441	-	726,326
Net Property and Equipment	1,664,278	3,019,981	-	4,684,259
TOTAL ASSETS	\$ 2,405,012	\$ 3,455,878	\$ -	\$ 5,860,890

BATH HOUSING DEVELOPMENT CORPORATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
(Continued)

December 31, 2017

LIABILITIES AND NET ASSETS

LIABILITIES

	Bath Housing Development Corporation	Seacliff Apartments	Intercompany Eliminations	Total
CURRENT LIABILITIES				
Accounts Payable	\$ 149,765	\$ 9,707	\$ -	\$ 159,472
Accrued Interest Payable	-	3,279	-	3,279
Accrued Compensated Absences	2,186	-	-	2,186
Accrued Payroll	1,929	-	-	1,929
Prepaid Revenue	-	141	-	141
Tenant Security Deposits and Interest	7,814	13,154	-	20,968
Mortgage Notes Payable - Current Portion	14,091	98,881	-	112,972
Total Current Liabilities	<u>175,785</u>	<u>125,162</u>	<u>-</u>	<u>300,947</u>
LONG-TERM LIABILITIES				
Mortgage Notes Payable	713,507	2,082,300	-	2,795,807
Deferred Financing Costs	-	(37,881)	-	(37,881)
Accrued Interest Payable	11,144	-	-	11,144
	<u>724,651</u>	<u>2,044,419</u>	<u>-</u>	<u>2,769,070</u>
Less Current Portion	14,091	98,881	-	112,972
Total Long-term Liabilities	<u>710,560</u>	<u>1,945,538</u>	<u>-</u>	<u>2,656,098</u>
TOTAL LIABILITIES	<u>886,345</u>	<u>2,070,700</u>	<u>-</u>	<u>2,957,045</u>
NET ASSETS				
Unrestricted Net Assets	1,497,327	1,385,178	-	2,882,505
Temporarily Restricted Net Assets	21,340	-	-	21,340
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,405,012</u>	<u>\$ 3,455,878</u>	<u>\$ -</u>	<u>\$ 5,860,890</u>

BATH HOUSING DEVELOPMENT CORPORATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2016

ASSETS				
	Bath Housing Development Corporation	Seacliff Apartments	Intercompany Eliminations	Total
CURRENT ASSETS				
Cash				
Operating Accounts	\$ 89,427	\$ 141,218	\$ -	\$ 230,645
Investments - Cash and Equivalents	9,446	-	-	9,446
Tax and Insurance Reserve	-	14,657	-	14,657
Replacement Reserve	2,503	197,324	-	199,827
Operating Reserve	15,431	-	-	15,431
Residual Receipts Reserve	-	12,503	-	12,503
Total Cash	116,807	365,702	-	482,509
Other Current Assets				
Accounts Receivable - Tenants	3,252	1,851	-	5,103
Tenant Security Deposits	6,836	12,936	-	19,772
Prepaid Insurance	1,444	-	-	1,444
Prepaid Real Estate Taxes	4,872	-	-	4,872
Investments	296,896	-	-	296,896
Property Held for Resale or Development	150,700	-	-	150,700
Total Current Assets	580,807	380,489	-	961,296
PROPERTY AND EQUIPMENT				
Land	167,053	1,280,947	-	1,448,000
Buildings	1,080,250	1,965,046	-	3,045,296
Building Equipment	11,952	103,429	-	115,381
Maintenance Equipment	7,825	-	-	7,825
Motor Vehicles	22,748	-	-	22,748
Construction in Progress	78,427	-	-	78,427
Total	1,368,255	3,349,422	-	4,717,677
Less Accumulated Depreciation	360,913	249,662	-	610,575
Net Property and Equipment	1,007,342	3,099,760	-	4,107,102
TOTAL ASSETS	\$ 1,588,149	\$ 3,480,249	\$ -	\$ 5,068,398

BATH HOUSING DEVELOPMENT CORPORATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
(Continued)

December 31, 2016

LIABILITIES AND NET ASSETS

LIABILITIES

	Bath Housing Development Corporation	Seacliff Apartments	Intercompany Eliminations	Total
CURRENT LIABILITIES				
Accounts Payable	\$ 16,457	\$ 3,617	\$ -	\$ 20,074
Accounts Payable - Related Party	26,603	28,788	-	55,391
Accrued Interest Payable	-	609	-	609
Accrued Compensated Absences	2,339	-	-	2,339
Accrued Payroll	1,903	-	-	1,903
Tenant Security Deposits and Interest	5,264	12,993	-	18,257
Mortgage Notes Payable - Current Portion	13,503	90,842	-	104,345
Total Current Liabilities	<u>66,069</u>	<u>136,849</u>	<u>-</u>	<u>202,918</u>
LONG-TERM LIABILITIES				
Mortgage Notes Payable	478,517	2,169,813	-	2,648,330
Deferred Financing Fees	-	(40,420)	-	(40,420)
Accrued Interest Payable	11,144	-	-	11,144
	<u>489,661</u>	<u>2,129,393</u>	<u>-</u>	<u>2,619,054</u>
Less Current Portion	<u>13,503</u>	<u>90,842</u>	<u>-</u>	<u>104,345</u>
Total Long-term Liabilities	<u>476,158</u>	<u>2,038,551</u>	<u>-</u>	<u>2,514,709</u>
TOTAL LIABILITIES	<u>542,227</u>	<u>2,175,400</u>	<u>-</u>	<u>2,717,627</u>
NET ASSETS				
Unrestricted Net Assets	1,005,261	1,304,849	-	2,310,110
Temporary Restricted Net Assets	40,661	-	-	40,661
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,588,149</u>	<u>\$ 3,480,249</u>	<u>\$ -</u>	<u>\$ 5,068,398</u>

BATH HOUSING DEVELOPMENT CORPORATION

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2017

	Supportive Services		Program Services							Total Program Services	Total
	Management and General	19 Oak Street	822, 832, 842 Middle Street	806 Middle Street	Seacliff Apartments	49 Elm Street	28 Maple	470 Washington Street	Comfortably Home Program		
REVENUE											
Housing Assistance Payments	\$ -	\$ -	\$ -	\$ -	\$ 445,438	\$ -	\$ -	\$ -	\$ -	\$ 445,438	\$ 445,438
Rental Revenue	28,800	46,192	58,701	26,221	195,645	12,496	-	900	-	340,155	368,955
Grant Income	563,991	-	-	-	-	-	-	-	75,025	75,025	639,016
Investment Income	8,322	-	-	-	1,484	-	-	-	-	1,484	9,806
Other Income	8,015	-	-	-	6,431	-	-	-	-	6,431	14,446
Total Revenue	609,128	46,192	58,701	26,221	648,998	12,496	-	900	75,025	868,533	1,477,661
ADMINISTRATIVE EXPENSES											
Administrative Salaries	33,406	-	-	-	-	-	-	-	27,584	27,584	60,990
Administrative Management Fee	-	3,591	7,367	2,661	-	2,661	-	-	-	16,280	16,280
Management Fee	-	-	-	-	89,325	-	-	-	-	89,325	89,325
Auditing Fees	3,518	890	1,424	356	5,300	-	-	-	-	7,970	11,488
Employee Benefits Contributions - Administrative	6,542	12	-	-	-	-	-	-	3,637	3,649	10,191
Legal	750	-	1,186	-	4,622	-	-	-	-	5,808	6,558
Staff Training	56	-	-	-	425	-	-	-	-	425	481
Travel	944	-	-	-	-	-	-	-	-	-	944
Accounting	5,699	-	-	-	-	356	356	-	-	712	6,411
Other Operating - Administrative	12,992	116	124	17	7,418	-	-	-	7,581	15,256	28,248
Grant Expenditures	6,649	-	-	-	-	-	-	-	-	-	6,649
Total Administrative Expenses	70,556	4,609	10,101	3,034	107,090	3,017	356	-	38,802	167,009	237,565
TENANT SERVICES											
Tenant Services Labor Fee	3,846	2,202	-	500	21,317	-	-	-	-	24,019	27,865
Employee Benefits	500	107	-	250	1,702	-	-	-	-	2,059	2,559
Tenant Services Benefit Fee	-	5	9	1	280	-	-	-	-	295	295
Total Tenant Service Expenses	4,346	2,314	9	751	23,299	-	-	-	-	26,373	30,719
UTILITIES EXPENSE											
Water	-	849	2,088	1,570	6,921	340	-	-	-	11,768	11,768
Sewer	-	972	2,602	2,843	11,069	259	-	-	-	17,745	17,745
Electricity	-	1,416	984	251	44,738	302	1,627	-	-	49,318	49,318
Gas/Fuel	-	1,984	3,479	1,435	3,400	1,673	51	-	-	12,022	12,022
Total Utilities Expenses	-	5,221	9,153	6,099	66,128	2,574	1,678	-	-	90,853	90,853
MAINTENANCE EXPENSES											
Maintenance Fee Expense - Labor	-	4,539	7,687	2,179	44,522	1,815	-	-	28,170	88,912	88,912
Ordinary Maintenance and Operations - Materials	-	2,446	5,142	874	30,671	826	848	-	18,622	59,429	59,429
Ordinary Maintenance and Operations - Contract Costs	1,450	8,669	8,948	372	38,407	2,867	12	-	1,761	61,036	62,486
Maintenance Fee Expense - Benefits	-	1,179	1,902	476	12,762	476	-	-	4,120	20,915	20,915
Total Maintenance Expenses	1,450	16,833	23,679	3,901	126,362	5,984	860	-	52,673	230,292	231,742
GENERAL EXPENSES											
Insurance	6,395	1,119	1,874	401	19,267	984	-	-	527	24,172	30,567
Real Estate Taxes	-	6,295	3,101	-	35,000	1,743	-	-	-	46,139	46,139
Interest Expense	593	-	5,418	6,131	111,744	-	-	-	-	123,293	123,886
Collection Losses	-	8,157	-	-	-	-	-	-	-	8,157	8,157
Other General/Development Expense	9,208	-	-	-	-	-	-	-	-	9,208	9,208
Depreciation Expense	6,602	5,558	13,353	3,659	79,779	2,250	-	-	4,550	109,149	115,751
Total General Expenses	22,798	21,129	23,746	10,191	245,790	4,977	-	-	5,077	310,910	333,708
TOTAL EXPENSES	99,150	50,106	66,688	23,976	568,669	16,552	2,894	-	96,552	825,437	924,587
INCREASE (DECREASE) IN NET ASSETS	\$ 509,978	\$ (3,914)	\$ (7,987)	\$ 2,245	\$ 80,329	\$ (4,056)	\$ (2,894)	\$ 900	\$ (21,527)	\$ 43,096	\$ 553,074

BATH HOUSING DEVELOPMENT CORPORATION

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016

	Supportive Services	Program Services						Total Program Services	Total
	Management and General	19 Oak Street	822, 832, 842 Middle Street	806 Middle Street	Seacliff Apartments	49 Elm Street	Comfortably Home Program		
REVENUE									
Housing Assistance Payments	\$ -	\$ -	\$ -	\$ -	\$ 543,869	\$ -	\$ -	\$ 543,869	\$ 543,869
Rental Revenue	28,800	36,167	59,681	15,136	194,909	4,267	-	310,160	338,960
Grant Income	30,400	-	-	-	-	-	50,750	50,750	81,150
Investment Income	4,262	-	-	-	473	-	-	473	4,735
Other Income	1,190	-	-	-	4,279	-	-	4,279	5,469
Total Revenue	64,652	36,167	59,681	15,136	743,530	4,267	50,750	909,531	974,183
ADMINISTRATIVE EXPENSES									
Administrative Salaries	24,256	1,982	3,434	190	-	-	13,363	18,969	43,225
Management Fee	-	-	-	-	88,653	-	-	88,653	88,653
Auditing Fees	3,426	1,158	1,852	463	5,450	-	-	8,923	12,349
Employee Benefits Contributions - Administrative	4,857	864	-	44	-	-	1,513	2,421	7,278
Legal	1,668	75	-	-	87	-	-	162	1,830
Staff Training	2,004	-	-	-	-	-	-	-	2,004
Travel	1,272	-	-	-	-	-	-	-	1,272
Accounting	6,022	210	315	105	-	-	-	630	6,652
Other Operating - Administrative	13,426	981	1,659	(210)	6,771	-	3,161	12,362	25,788
Grant Expenditures	9,887	-	-	-	-	-	-	-	9,887
Total Administrative Expenses	66,818	5,270	7,260	592	100,961	-	18,037	132,120	198,938
TENANT SERVICES									
Tenant Service Salaries	269	134	-	201	7,236	-	-	7,571	7,840
Employee Benefits	78	573	-	79	2,805	-	-	3,457	3,535
Tenant Service Expense	-	18	2,901	7	152	-	-	3,078	3,078
Total Tenant Service Expenses	347	725	2,901	287	10,193	-	-	14,106	14,453
UTILITIES EXPENSE									
Water	-	833	2,587	675	7,852	-	-	11,947	11,947
Sewer	-	891	2,895	983	11,416	-	-	16,185	16,185
Electricity	-	1,633	1,157	461	35,965	-	-	39,216	39,216
Gas/Fuel	-	2,166	4,905	1,937	3,641	-	-	12,649	12,649
Total Utilities Expenses	-	5,523	11,544	4,056	58,874	-	-	79,997	79,997
MAINTENANCE EXPENSES									
Ordinary Maintenance and Operations - Labor	-	2,854	-	-	67,213	-	21,865	91,932	91,932
Ordinary Maintenance and Operations - Material and Other	-	1,449	3,071	350	28,927	-	20,874	54,671	54,671
Ordinary Maintenance and Operations - Contract Costs	1,494	4,653	1,778	102	58,915	-	1,817	67,265	68,759
Employee Benefit Contributions - Ordinary Maintenance	-	818	1,240	-	15,473	-	7,118	24,649	24,649
Total Maintenance Expenses	1,494	9,774	6,089	452	170,528	-	51,674	238,517	240,011
GENERAL EXPENSES									
Insurance	6,090	2,479	3,891	789	15,330	818	4,048	27,355	33,445
Real Estate Taxes	-	6,199	5,189	-	35,000	1,743	-	48,131	48,131
Interest Expense	-	-	5,805	5,695	116,250	1,663	-	129,413	129,413
Collection Losses	-	4,698	-	-	-	-	-	4,698	4,698
Other General/Development Expense	5,000	-	-	-	-	-	-	-	5,000
Depreciation Expense	4,715	5,558	13,353	2,090	79,779	1,005	4,550	106,335	111,050
Total General Expenses	15,805	18,934	28,238	8,574	246,359	5,229	8,598	315,932	331,737
TOTAL EXPENSES	84,464	40,226	56,032	13,961	586,915	5,229	78,309	780,672	865,136
INCREASE (DECREASE) IN NET ASSETS	\$ (19,812)	\$ (4,059)	\$ 3,649	\$ 1,175	\$ 156,615	\$ (962)	\$ (27,559)	\$ 128,859	\$ 109,047