

BATH HOUSING DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2018 and 2017

BATH HOUSING DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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

June 13, 2019
South Portland, Maine

BATH HOUSING DEVELOPMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

	ASSETS	
	2018	2017
CURRENT ASSETS		
Cash		
Operating Accounts	\$ 23,431	\$ 181,516
Investments - Cash and Equivalents	17,299	6,701
Tax and Insurance Reserve	13,705	7,492
Replacement Reserve (Note 6)	201,391	236,859
Operating Reserve (Note 6)	15,727	15,459
Residual Receipts Reserve (Notes 5 and 6)	12,561	12,507
Total Cash	284,114	460,534
Other Current Assets		
Accounts Receivable - Tenants, Net of Allowance for Doubtful		
Accounts of \$21,364 and \$23,010 in 2018 and 2017, respectively	8,676	4,651
Accounts Receivable - Grants (Note 4)	12,559	202,901
Accounts Receivable - Other (Note 14)	36,657	-
Due from Related Party (Note 3)	-	15,858
Tenant Security Deposits	40,878	27,119
Prepaid Insurance	3,611	2,528
Prepaid Real Estate Taxes	11,004	6,267
Investments (Note 8)	277,927	306,073
Total Current Assets	675,426	1,025,931
PROPERTY AND EQUIPMENT (Note 2)		
Land	1,738,896	1,651,139
Buildings	3,963,571	3,360,916
Building Equipment	145,281	115,381
Maintenance Equipment	7,825	7,825
Motor Vehicles	22,748	22,748
Construction in Progress	246,851	403,276
Total	6,125,172	5,561,285
Less Accumulated Depreciation	828,566	726,326
Net Property and Equipment	5,296,606	4,834,959
TOTAL ASSETS	\$ 5,972,032	\$ 5,860,890

See accompanying notes to the financial statements.

BATH HOUSING DEVELOPMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION
(Continued)

December 31, 2018 and 2017

LIABILITIES AND NET ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 51,547	\$ 159,472
Accounts Payable - Related Party (Note 3)	57,199	-
Accrued Interest Payable	3,118	3,279
Accrued Compensated Absences	-	2,186
Accrued Payroll	-	1,929
Prepaid Revenue	1,682	141
Tenant Security Deposits and Interest	25,721	20,968
Mortgage Notes Payable - Current Portion	<u>119,470</u>	<u>112,972</u>
Total Current Liabilities	<u>258,737</u>	<u>300,947</u>
LONG-TERM LIABILITIES (Note 2)		
Mortgage Notes Payable	3,071,636	2,795,807
Deferred Financing Costs	(35,342)	(37,881)
Accrued Interest Payable	<u>11,144</u>	<u>11,144</u>
	3,047,438	2,769,070
Less Current Portion	<u>119,470</u>	<u>112,972</u>
Total Long-term Liabilities	<u>2,927,968</u>	<u>2,656,098</u>
TOTAL LIABILITIES	<u>3,186,705</u>	<u>2,957,045</u>
NET ASSETS		
Net Assets Without Donor Restrictions	2,767,708	2,882,505
Net Assets With Donor Restrictions (Note 7)	<u>17,619</u>	<u>21,340</u>
Total Net Assets	<u>2,785,327</u>	<u>2,903,845</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,972,032</u>	<u>\$ 5,860,890</u>

See accompanying notes to the financial statements.

BATH HOUSING DEVELOPMENT CORPORATION

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2018
(With Comparative Summarized Information for 2017)

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>2018</u>	<u>2017</u>
REVENUE FROM OPERATIONS				
Housing Assistance Payments (Note 5)	\$ 392,024	\$ -	\$ 392,024	\$ 445,438
Rental Revenue	494,038	-	494,038	368,955
Grant Income (Note 4)	29,682	120,360	150,042	639,016
Other Income	13,737	-	13,737	14,446
TOTAL REVENUE FROM OPERATIONS	<u>929,481</u>	<u>120,360</u>	<u>1,049,841</u>	<u>1,467,855</u>
OPERATING EXPENSES				
Supportive Services				
Management and General	121,346	5,646	126,992	99,150
Total Supportive Services	<u>121,346</u>	<u>5,646</u>	<u>126,992</u>	<u>99,150</u>
Program Services				
Housing Programs	971,714	-	971,714	728,885
Community Aging in Place Program	-	118,435	118,435	96,552
Total Program Services	<u>971,714</u>	<u>118,435</u>	<u>1,090,149</u>	<u>825,437</u>
TOTAL OPERATING EXPENSES	<u>1,093,060</u>	<u>124,081</u>	<u>1,217,141</u>	<u>924,587</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(163,579)</u>	<u>(3,721)</u>	<u>(167,300)</u>	<u>543,268</u>
Non-Operating Activity				
Investment Income (Loss)	(13,591)	-	(13,591)	9,806
Gain on Involuntary Conversion (Note 13)	62,373	-	62,373	-
Total Non-Operating Activities	<u>48,782</u>	<u>-</u>	<u>48,782</u>	<u>9,806</u>
CHANGE IN NET ASSETS	(114,797)	(3,721)	(118,518)	553,074
NET ASSETS AT BEGINNING OF YEAR	<u>2,882,505</u>	<u>21,340</u>	<u>2,903,845</u>	<u>2,350,771</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,767,708</u>	<u>\$ 17,619</u>	<u>\$ 2,785,327</u>	<u>\$ 2,903,845</u>

See accompanying notes to the financial statements.

BATH HOUSING DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	\$ (118,518)	\$ 553,074
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	135,118	115,751
Amortization of Deferred Financing Costs	2,539	2,539
Gain on Sale of Land	-	(4,500)
Gain on Involuntary Conversion	(62,373)	-
Unrealized Gain on Investments	28,197	(219)
Deferred Property Costs Written Off	16,976	-
Noncash Investment Activity	393	1,193
Changes in Operating Assets and Liabilities:		
Accounts Receivable - Tenants	(4,025)	452
Accounts Receivable - Grants	190,342	(202,901)
Accounts Receivable - Other	(36,657)	-
Due from Related Party	15,858	(15,858)
Tenant Security Deposits	(13,759)	(7,347)
Prepaid Insurance	(1,083)	(1,084)
Prepaid Real Estate Taxes	(4,737)	(1,395)
Accounts Payable	(107,925)	8,804
Accounts Payable - Related Party	57,199	(55,391)
Accrued Interest Payable	(161)	2,670
Accrued Compensated Absences	(2,186)	(153)
Accrued Payroll	(1,929)	26
Prepaid Rent	1,541	141
Tenant Security Deposits Liability	4,753	2,711
Net Cash Provided by Operating Activities	<u>99,563</u>	<u>398,513</u>
Cash Flows from Investing Activities:		
Purchases of Property, Plant and Equipment	(806,314)	(562,314)
Proceeds from Sale of Land	-	4,500
Insurance Proceeds	254,946	-
Sales of Investments	228,164	95,725
Purchases of Investments	(228,608)	(105,876)
Net Cash Used by Investing Activities	<u>(551,812)</u>	<u>(567,965)</u>
Cash Flows from Financing Activities:		
Long-term Debt Proceeds	418,090	248,484
Repayment of Long-term Debt	(142,261)	(101,007)
Net Cash Provided by Financing Activities	<u>275,829</u>	<u>147,477</u>
Net Decrease in Cash	(176,420)	(21,975)
Cash at Beginning of Year	<u>460,534</u>	<u>482,509</u>
Cash at End of Year	<u>\$ 284,114</u>	<u>\$ 460,534</u>
Supplemental Disclosure of Cash Flows Information:		
Cash Paid During the Year for:		
Interest	<u>\$ 137,270</u>	<u>\$ 118,677</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, 470 Washington Street, and Lincoln 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 statement of financial position.

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.

Functional Allocation of Expenses - The costs of providing various programs and supporting activities have been summarized on a functional basis in the statement of activities and the supplementary information to the financial statements. Accordingly, certain costs have been allocated between the programs and supporting services based on estimated personnel time and space utilized for the related activity.

Accounts Receivable and Bad Debts - Management estimates the allowance for doubtful accounts based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that management's estimate of the allowance will change.

Subsequent Events - Subsequent events have been evaluated through June 13, 2019, the date the financial statements were available to be issued.

NOTE 2 - MORTGAGE NOTES PAYABLE AND LINE OF CREDIT

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, 2018 and 2017 were \$119,798 and \$130,072, 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, 2018 and 2017 was \$103,043, respectively. Accrued interest on the note at both December 31, 2018 and 2017 was \$11,144, respectively.

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, a related party under common management. The note bears interest at 5% per annum and requires monthly payments of principal and interest of \$671. The note balances at December 31, 2018 and 2017 was \$119,373 and \$121,392, respectively.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 2 - MORTGAGE NOTES PAYABLE AND LINE OF CREDIT (Continued)

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 note bears interest at 5% per annum and requires monthly payments of principal and interest of \$429. The note balances at December 31, 2018 and 2017 were \$77,044 and \$78,310, respectively.

A mortgage note payable to MaineHousing was originally 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 required monthly payments of principal and interest of \$177 through March 1, 2018. The note was modified effective April 1, 2018 resulting in an increase to the loan amount to \$150,992. The modified mortgage note payable is due March 1, 2048. Monthly payments of principal and interest of \$1,274 are due through maturity. The note balances at December 31, 2018 and 2017 were \$148,668 and \$32,206, respectively.

A mortgage note payable to MaineHousing was originally 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 original interest rate was 3% per annum and required monthly interest only payments of \$500 through April 30, 2018. The note was modified in 2018 to bear interest at 5% with monthly principal and interest payments of \$913 commencing May 1, 2018 through maturity on April 1, 2048. The note modification also included a one-time principal reduction payment of \$30,000 that was due and paid on April 1, 2018. The note balances at December 31, 2018 and 2017 were \$168,342 and \$200,000, respectively.

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 both December 31, 2018 and 2017 was \$48,484, respectively.

A mortgage note payable to MaineHousing is due March 1, 2020 and is secured by residential rental property at 41-43 Lincoln Street in Bath. The note is guaranteed by Bath Housing Authority. The note bears interest at 3% per annum and requires 24 monthly interest only payments of \$750 commencing April 1, 2018 until March 1, 2020 when the remaining principal and interest is due. The note balance at December 31, 2018 was \$300,000.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 2 - MORTGAGE NOTES PAYABLE AND LINE OF CREDIT (Continued)

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 through maturity. The note balances at December 31, 2018 and 2017 were \$1,208,335 and \$1,263,062, 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 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 through maturity. The note balances at December 31, 2018 and 2017 were \$778,549 and \$819,238, respectively.

Maturities of mortgage principal are as follows at December 31, 2018:

2019	\$ 119,470
2020	474,044
2021	131,968
2022	138,719
2023	145,823
Thereafter	<u>2,061,612</u>
	<u>\$ 3,071,636</u>

Line of Credit – On July 6, 2018 the Corporation entered into a line of credit agreement with Peoples United Bank for a total maximum limit of \$700,000. The line of credit is guaranteed by Bath Housing Authority and secured by investments owned by the Corporation and Bath Housing Authority. The line of credit bears variable interest of 2% plus One Month LIBOR (4.46% as of December 31, 2018). Any accrued unpaid interest is due monthly, with outstanding principal due upon lender's demand. There was no outstanding balance payable as of December 31, 2018.

In May 2019, the Corporation purchased a property on Front Street in Bath for a total of approximately \$945,000. A portion of the property was financed from a draw on the line of credit with Peoples United Bank. \$500,000 of the purchase was financed by a loan with MaineHousing. The mortgage note payable to MaineHousing is due June 1, 2021 and is secured by the residential rental property on Front Street in Bath. The note is guaranteed by Bath Housing Authority. The note bears interest at 3% per annum and requires an interest only payment of \$986 on June 1, 2019 and monthly interest only payments of \$1,250 commencing on July 1, 2019 through maturity.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Corporation entered into a management agreement with Bath Housing Authority and is required to pay a management fee that ranges from 10% to 12% of collected rents. Management fees of \$116,000 and \$89,325 were incurred during 2018 and 2017, respectively.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 3 - RELATED PARTY TRANSACTIONS (Continued)

During 2018 and 2017, the Corporation paid administrative and maintenance reimbursements of \$293,547 and \$220,061, respectively, to the Bath Housing Authority.

Bath Housing Authority leases the building from the Corporation under an operating lease which expired on December 31, 2017. During both 2018 and 2017, 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.

At December 31, 2018, the Corporation owed Bath Housing Authority \$57,199 for various maintenance and administrative charges. At December 31, 2017, the Corporation was owed \$15,858 from Bath Housing Authority for various maintenance and administrative charges.

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

NOTE 4 - GRANT INCOME

The Corporation receives grant income from a variety of sources to fund multiple programs for area residents. During 2018 and 2017, John T. Gorman awarded \$20,000 for the Comfortably Home Program. In addition, during 2018 and 2017, MaineHousing awarded \$75,000 and \$50,000, respectively, for the Comfortably Home Program. Other significant grants include \$20,000 received in both 2018 and 2017 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 to be expended. At December 31, 2017, \$528,991 of grant funds had been earned of which \$202,901 was receivable. During 2018, the full \$202,901 relating to 2017 expenses was received in full and the remaining \$9,682 in funding was earned and received.

MaineHousing granted the Corporation \$112,559 in funds for the Community Home Program in 2019. \$12,559 of the funding relates to 2018 expenditures and therefore was included as a grant receivable as of December 31, 2018.

NOTE 5 - 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, 2018, gross contract rents equal \$773,652 and may not be increased without HUD approval.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 5 - HOUSING ASSISTANCE AGREEMENT (Continued)

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 2018 and 2017, the project used \$137,834 and \$103,290, 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 2018 and 2017 totaled \$392,024 and \$445,438, respectively.

NOTE 6 - 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 \$3,104 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 7 - NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2018 and 2017, the Corporation's net assets with donor restrictions are comprised of unexpended grant funds which contain donor restrictions which had not been satisfied.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 8 - 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.

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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Mutual Funds (Level 1)	\$ 182,424	\$ 68,253
Mutual Funds (Level 2)	42,025	8,465
Corporate Bonds (Level 2)	49,708	225,337
Real Estate Investment Trust (Level 2)	<u>3,770</u>	<u>4,018</u>
	<u>\$ 277,927</u>	<u>\$ 306,073</u>

As of December 31, 2018 all corporate bonds are due to mature between 1 – 5 years.

The return on investments for the years ended December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Interest and Dividends	\$ 6,424	\$ 7,331
Unrealized Loss on Investments	(28,590)	(974)
Account Fees	(1,710)	(1,707)
Realized Gain	<u>6,328</u>	<u>1,782</u>
	<u>\$ (17,548)</u>	<u>\$ 6,432</u>

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 9 - ADOPTION OF ACCOUNTING PRONOUNCEMENT

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two - net assets with donor restrictions and net assets without donor restrictions. The ASU also requires changes in the way certain information is aggregated and reported by the Corporation, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Corporation's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. The Corporation adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

NOTE 10 - METHOD USED FOR ALLOCATION OF EXPENSES AMONG PROGRAM AND SUPPORTING SERVICES

The financial statements of the Corporation report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, maintenance expenses, and other general and administrative expenses, which are allocated on the basis of time and effort studies. There were no fundraising activities during 2018 and 2017 and therefore there were no associated fundraising costs during 2018 and 2017.

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation's working capital and cash flows are derived from monthly revenue consisting mostly of rent revenue and housing assistance payments. The Corporation is regulated by entities including MaineHousing and HUD. The following reflects the Corporation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of regulatory, donor or contractual restrictions within one year of the statement of financial position date. Amounts not available also include cash with donor restrictions and amounts set-aside for long-term investing in capital reserves that could be drawn upon if approved by HUD or MaineHousing.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

	<u>2018</u>	<u>2017</u>
Cash	\$ 284,114	\$ 460,534
Investments	277,927	306,073
Accounts Receivable	<u>57,892</u>	<u>223,410</u>
Total Financial Assets	619,933	990,017
Contractual (Regulatory) Restrictions:		
Restricted Receivables:		
Accounts Receivable - Grants	(12,559)	(202,901)
Restricted Deposits:		
Replacement Reserve	(201,391)	(236,859)
Operating Reserve	(15,727)	(15,459)
Residual Receipts Reserve	<u>(12,561)</u>	<u>(12,507)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 377,695</u>	<u>\$ 522,291</u>

The Organization also has a line of credit agreement with Peoples United Bank for \$700,000 that could be drawn upon to meet cash needs for general expenditures within one year.

NOTE 12 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Corporation operates in a heavily regulated environment. The operations of the Corporation are subject to the administrative directives of federal, state and local agencies, including but not limited to the HUD and MaineHousing. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the agency or other situation. Such changes may occur with little notice or with inadequate funding to pay for the related cost, including the additional burden to comply with the change.

NOTE 13 - GAIN ON INVOLUNTARY CONVERSION

During 2018 the Organization suffered fire damage at Seacliff Apartments. The estimated damage to the property totaled \$192,573 (depreciated value) and insurance proceeds totaled \$254,946. Replacement costs totaling \$179,485 were capitalized. The Project is expected to incur an additional \$134,808 in replacement costs during 2019.

BATH HOUSING DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 14 - BUSINESS LOSS RECEIVABLE

During 2018, the Organization submitted an insurance claim for lost rents due to fire damage in several units. The insurance company agreed to reimburse the project \$36,657. The proceeds were received in full during March 2019.

NOTE 15 - RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified for consistency with current year presentation. These reclassifications had no effect on the reported results of operations. On the statements of financial position long-term land assets have been reclassified to land.

SUPPLEMENTARY INFORMATION

BATH HOUSING DEVELOPMENT CORPORATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2018

	ASSETS			
	Bath Housing Development Corporation	Seacliff Apartments	Intercompany Eliminations	Total
CURRENT ASSETS				
Cash				
Operating Accounts	\$ 17,483	\$ 5,948	\$ -	\$ 23,431
Investments - Cash and Equivalents	17,299	-	-	17,299
Tax and Insurance Reserve	-	13,705	-	13,705
Replacement Reserve	8,248	193,143	-	201,391
Operating Reserve	15,727	-	-	15,727
Residual Receipts Reserve	-	12,561	-	12,561
Total Cash	58,757	225,357	-	284,114
Other Current Assets				
Accounts Receivable - Tenants, Net of Allowance for Doubtful Accounts of \$21,364	7,262	1,414	-	8,676
Accounts Receivable - Grants	12,559	-	-	12,559
Accounts Receivable - Other	-	36,657	-	36,657
Tenant Security Deposits	23,281	17,597	-	40,878
Prepaid Insurance	3,611	-	-	3,611
Prepaid Real Estate Taxes	11,004	-	-	11,004
Investments	277,927	-	-	277,927
Total Current Assets	394,401	281,025	-	675,426
PROPERTY AND EQUIPMENT				
Land	457,949	1,280,947	-	1,738,896
Buildings	2,112,901	1,850,670	-	3,963,571
Building Equipment	11,952	133,329	-	145,281
Maintenance Equipment	7,825	-	-	7,825
Motor Vehicles	22,748	-	-	22,748
Construction in Progress	67,366	179,485	-	246,851
Total	2,680,741	3,444,431	-	6,125,172
Less Accumulated Depreciation	453,187	375,379	-	828,566
Net Property and Equipment	2,227,554	3,069,052	-	5,296,606
TOTAL ASSETS	\$ 2,621,955	\$ 3,350,077	\$ -	\$ 5,972,032

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

December 31, 2018

LIABILITIES AND NET ASSETS

LIABILITIES

	Bath Housing Development Corporation	Seacliff Apartments	Intercompany Eliminations	Total
CURRENT LIABILITIES				
Accounts Payable	\$ 19,837	\$ 31,710	\$ -	\$ 51,547
Due to (from) Related Party, Net	72,897	(15,698)	-	57,199
Accrued Interest Payable	-	3,118	-	3,118
Prepaid Revenue	1,609	73	-	1,682
Tenant Security Deposits and Interest	15,398	10,323	-	25,721
Mortgage Notes Payable - Current Portion	19,097	100,373	-	119,470
Total Current Liabilities	<u>128,838</u>	<u>129,899</u>	<u>-</u>	<u>258,737</u>
LONG-TERM LIABILITIES				
Mortgage Notes Payable	1,084,752	1,986,884	-	3,071,636
Deferred Financing Costs	-	(35,342)	-	(35,342)
Accrued Interest Payable	11,144	-	-	11,144
	<u>1,095,896</u>	<u>1,951,542</u>	<u>-</u>	<u>3,047,438</u>
Less Current Portion	19,097	100,373	-	119,470
Total Long-term Liabilities	<u>1,076,799</u>	<u>1,851,169</u>	<u>-</u>	<u>2,927,968</u>
TOTAL LIABILITIES	<u>1,205,637</u>	<u>1,981,068</u>	<u>-</u>	<u>3,186,705</u>
NET ASSETS				
Net Assets Without Donor Restrictions	1,398,699	1,369,009	-	2,767,708
Net Assets With Donor Restrictions	17,619	-	-	17,619
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,621,955</u>	<u>\$ 3,350,077</u>	<u>\$ -</u>	<u>\$ 5,972,032</u>

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, Net of				
Allowance for Doubtful Accounts of \$23,010	2,224	2,427	-	4,651
Accounts Receivable - Grants	202,901	-	-	202,901
Due from (to) Related Party, Net	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
Total Current Assets	590,034	435,897	-	1,025,931
PROPERTY AND EQUIPMENT				
Land	370,192	1,280,947	-	1,651,139
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	2,211,863	3,349,422	-	5,561,285
Less Accumulated Depreciation	396,885	329,441	-	726,326
Net Property and Equipment	1,814,978	3,019,981	-	4,834,959
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				
Net Assets Without Donor Restrictions	1,497,327	1,385,178	-	2,882,505
Net Assets With Donor Restrictions	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
SCHEDULE OF REVENUE AND FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018

	Supportive Services				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	Lincoln Street	Comfortably Home Program	Program Services	Total
REVENUE												
Housing Assistance Payments	\$ -	\$ -	\$ -	\$ -	\$ 392,024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 392,024	\$ 392,024
Rental Revenue	28,800	45,939	63,290	23,375	220,823	20,727	24,241	27,389	39,454	-	465,238	494,038
Grant Income	31,908	-	-	-	-	-	-	-	-	118,134	118,134	150,042
Investment Income (Loss)	(15,672)	-	-	-	2,081	-	-	-	-	-	2,081	(13,591)
Gain on Involuntary Conversion	-	-	-	-	62,373	-	-	-	-	-	62,373	62,373
Other Income	6,608	-	-	-	7,129	-	-	-	-	-	7,129	13,737
Total Revenue	51,644	45,939	63,290	23,375	684,430	20,727	24,241	27,389	39,454	118,134	1,046,979	1,098,623
ADMINISTRATIVE EXPENSES												
Administrative Salaries	56,996	-	-	-	-	-	-	-	-	36,078	36,078	93,074
Administrative Management Fee	-	-	-	-	-	-	-	-	-	-	-	-
Management Fee	-	5,513	8,747	2,805	90,252	2,487	2,909	3,287	-	-	116,000	116,000
Auditing Fees	3,500	805	1,288	322	5,300	-	-	-	-	-	7,715	11,215
Employee Benefits Contributions - Administrative	10,774	13	-	9	-	-	-	-	-	6,432	6,454	17,228
Legal	2,258	-	-	770	4,414	-	-	-	-	-	5,184	7,442
Staff Training	13	-	-	-	-	-	-	-	-	1,079	1,079	1,092
Travel	1,500	-	-	-	-	-	-	-	-	-	-	1,500
Accounting	13,174	-	-	-	5,651	322	322	441	-	-	6,736	19,910
Other Operating - Administrative	5,561	-	-	-	1,965	-	-	-	-	3,763	5,728	11,289
Grant Expenditures	2,765	-	-	-	-	-	-	-	-	-	-	2,765
Total Administrative Expenses	96,541	6,331	10,035	3,906	107,582	2,809	3,231	3,728	-	47,352	184,974	281,515
TENANT SERVICES												
Tenant Services Labor Fee	-	-	-	-	26,210	-	-	-	-	-	26,210	26,210
Employee Benefits	-	8	-	-	7,273	-	-	-	-	-	7,281	7,281
Tenant Services Benefit Fee	-	11	16	5	-	-	-	-	-	-	32	32
Total Tenant Service Expenses	-	19	16	5	33,483	-	-	-	-	-	33,523	33,523
UTILITIES EXPENSE												
Water	-	829	1,696	1,429	5,295	456	598	322	1,442	-	12,067	12,067
Sewer	-	1,005	2,044	2,609	10,856	589	768	522	910	-	19,303	19,303
Electricity	-	1,995	1,092	413	44,371	433	2,227	734	656	-	51,921	51,921
Gas/Fuel	-	3,219	4,357	2,154	1,861	3,311	52	534	5,598	-	21,086	21,086
Total Utilities Expenses	-	7,048	9,189	6,605	62,383	4,789	3,645	2,112	8,606	-	104,377	104,377
MAINTENANCE EXPENSES												
Maintenance Fee Expense - Labor	-	5,389	8,470	2,311	53,128	2,311	2,311	3,079	-	33,092	110,091	110,091
Ordinary Maintenance and Operations - Materials	1,681	2,651	8,298	1,211	50,789	1,152	1,347	905	430	19,320	86,103	87,784
Ordinary Maintenance and Operations - Contract Costs	3,319	4,425	7,072	2,350	128,187	2,251	427	4,336	4,903	2,075	156,026	159,345
Maintenance Fee Expense - Benefits	-	1,577	2,478	676	15,547	676	676	902	-	11,480	34,012	34,012
Total Maintenance Expenses	5,000	14,042	26,318	6,548	247,651	6,390	4,761	9,222	5,333	65,967	386,232	391,232
GENERAL EXPENSES												
Insurance	1,412	2,952	4,599	1,023	20,708	1,306	-	839	5,398	566	37,391	38,803
Real Estate Taxes	248	6,399	6,267	-	35,000	-	-	1,895	2,459	-	52,020	52,268
Interest Expense	-	-	5,015	6,033	107,069	3,887	5,385	5,643	6,616	-	139,648	139,648
Collection Losses	-	13,674	-	-	7,907	-	-	-	-	-	21,581	21,581
Other General/Development Expense	19,076	-	-	-	-	-	-	-	-	-	-	19,076
Depreciation Expense	4,715	5,558	13,353	3,753	78,816	4,905	8,860	5,411	5,197	4,550	130,403	135,118
Total General Expenses	25,451	28,583	29,234	10,809	249,500	10,098	14,245	13,788	19,670	5,116	381,043	406,494
TOTAL EXPENSES	126,992	56,023	74,792	27,873	700,599	24,086	25,882	28,850	33,609	118,435	1,090,149	1,217,141
INCREASE (DECREASE) IN NET ASSETS	\$ (75,348)	\$ (10,084)	\$ (11,502)	\$ (4,498)	\$ (16,169)	\$ (3,359)	\$ (1,641)	\$ (1,461)	\$ 5,845	\$ (301)	\$ (43,170)	\$ (118,518)

BATH HOUSING DEVELOPMENT CORPORATION
SCHEDULE OF REVENUE AND 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
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