

**BATH HOUSING DEVELOPMENT CORPORATION**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

# BATH HOUSING DEVELOPMENT CORPORATION

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Bath Housing Development Corporation

We have audited the accompanying financial statements of Bath Housing Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Prior Period Financial Statements***

The financial statements of Bath Housing Development Corporation as of December 31, 2019, were audited by other auditors whose reported date August 27, 2020, expressed an unmodified opinion on those statements.

## ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2020 supplementary information, as listed in the table of contents, on pages 28 to 29 and 32 on 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 audit 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.

The 2019 supplementary information, as listed in the table of contents, on pages 30 to 31 and 33 was subjected to the auditing procedures applied in the 2019 audit of the financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2019 financial statements as a whole.

*Marcum LLP*

Boston, Massachusetts  
June 7, 2021

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 274,762	110,597
Investments	332,554	289,738
Accounts receivable, net of allowance	4,897	6,655
Prepaid expenses	21,416	24,832
<b>Total Current Assets</b>	<b>633,629</b>	<b>431,822</b>
<b>Tenant Security Deposits</b>	<b>42,657</b>	<b>42,417</b>
<b>Restricted Deposits and Funded Reserves</b>		
Mortgage escrows	13,945	15,438
Replacement reserve	150,440	138,618
Other reserves	25,099	24,593
<b>Total Restricted Deposits and Funded Reserves</b>	<b>189,484</b>	<b>178,649</b>
<b>Property, Plant and Equipment</b>		
Land and land improvements	2,160,922	2,209,428
Buildings and improvements	4,889,594	4,802,649
Building equipment	175,854	175,854
Construction in process	906,673	376,922
<b>Total Property, Plant and Equipment</b>	<b>8,133,043</b>	<b>7,564,853</b>
Less: accumulated depreciation	(1,140,833)	(971,814)
<b>Property, Plant and Equipment, Net</b>	<b>6,992,210</b>	<b>6,593,039</b>
<b>Total Assets</b>	<b>\$ 7,857,980</b>	<b>\$ 7,245,927</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2020 AND 2019

	2020	2019
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable - operations	\$ 25,503	\$ 27,215
Accounts payable - related party	64,897	59,489
Accrued interest payable - current portion	5,744	5,498
Line of credit	533,130	533,130
Mortgages payable - current portion	136,380	170,438
Prepaid rent	10,386	5,132
<b>Total Current Liabilities</b>	<u>776,040</u>	<u>800,902</u>
<b>Tenant Security Deposit Liabilities</b>	<u>42,657</u>	<u>41,253</u>
<b>Long-Term Liabilities</b>		
Mortgages payable - net of current portion	3,135,269	3,278,152
Less: unamortized debt issuance costs	(30,264)	(32,803)
Accrued interest payable - net of current portion	11,144	11,144
<b>Total Long-Term Liabilities</b>	<u>3,116,149</u>	<u>3,256,493</u>
<b>Total Liabilities</b>	<u>3,934,846</u>	<u>4,098,648</u>
<b>Net Assets</b>		
Without Donor Restrictions	3,845,383	3,129,660
With Donor Restrictions	77,751	17,619
<b>Total Net Assets</b>	<u>3,923,134</u>	<u>3,147,279</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 7,857,980</u>	<u>\$ 7,245,927</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions	Total
<b>Revenues, Gains, and Other Support</b>			
Housing assistance payments	\$ 605,084	\$ --	\$ 605,084
Rental revenue	710,822	--	710,822
Grant revenue	599,461	130,193	729,654
Other revenue	3,391	--	3,391
Net assets released from restrictions	70,061	(70,061)	--
<b>Total Revenues, Gains, and Other Support</b>	<b>1,988,819</b>	<b>60,132</b>	<b>2,048,951</b>
<b>Expenses</b>			
Program Services			
Housing Programs	1,121,231	--	1,121,231
Comfortably Home Program	61,366	--	61,366
Management and General	135,455	--	135,455
<b>Total Expenses</b>	<b>1,318,052</b>	<b>--</b>	<b>1,318,052</b>
<b>Change in Net Assets from Operations</b>	<b>670,767</b>	<b>60,132</b>	<b>730,899</b>
<b>Non-Operating Revenues</b>			
Investment Income (Loss)	44,956	--	44,956
<b>Total Nonoperating Revenues</b>	<b>44,956</b>	<b>--</b>	<b>44,956</b>
<b>Change in Net Assets</b>	<b>715,723</b>	<b>60,132</b>	<b>775,855</b>
<b>Net Assets - Beginning of Year</b>	<b>3,129,660</b>	<b>17,619</b>	<b>3,147,279</b>
<b>Net Assets - End of Year</b>	<b>\$ 3,845,383</b>	<b>\$ 77,751</b>	<b>\$ 3,923,134</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**BATH HOUSING DEVELOPMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Net Assets Without Donor Restrictions	Net Assets with Donor Restrictions	Total
<b>Revenues, Gains, and Other Support</b>			
Housing assistance payments	\$ 504,423	\$ --	\$ 504,423
Rental revenue	642,987	--	642,987
Grant revenue	452,215	--	452,215
Other revenue	21,172	--	21,172
<b>Total Revenues, Gains, and Other Support</b>	<b>1,620,797</b>	<b>--</b>	<b>1,620,797</b>
<b>Expenses</b>			
Program Services			
Housing Programs	1,118,478	--	1,118,478
Comfortably Home Program	119,876	--	119,876
Management and General	108,123	--	108,123
<b>Total Expenses</b>	<b>1,346,477</b>	<b>--</b>	<b>1,346,477</b>
<b>Change in Net Assets from Operations</b>	<b>274,320</b>	<b>--</b>	<b>274,320</b>
<b>Non-Operating Revenues</b>			
Investment Income (Loss)	67,479	--	67,479
<b>Total Nonoperating Revenues</b>	<b>67,479</b>	<b>--</b>	<b>67,479</b>
<b>Change in Net Assets</b>	<b>341,799</b>	<b>--</b>	<b>341,799</b>
<b>Net Assets - Beginning of Year</b>	<b>2,787,861</b>	<b>17,619</b>	<b>2,805,480</b>
<b>Net Assets - End of Year</b>	<b>\$ 3,129,660</b>	<b>\$ 17,619</b>	<b>\$ 3,147,279</b>

*The accompanying notes are an integral part of these consolidated financial statements.*



**BATH HOUSING DEVELOPMENT CORPORATION**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services		Supportive Services	
		Comfortably	Management and	
	Housing Programs	Home Program	General	Total
Administrative salaries	\$ --	\$ 14,675	\$ 81,808	\$ 96,483
Management fee	143,046	--	--	143,046
Auditing fees	10,437	1,307	956	12,700
Employee benefits contributions - Administrative	--	3,063	20,134	23,197
Legal	8,593	--	--	8,593
Accounting	31,592	1,814	5,636	39,042
Other operating - administrative	3,548	90	1,980	5,618
Grant expenditures	--	--	13,850	13,850
Tenant services Labor Fee	34,790	--	--	34,790
Water	17,839	--	--	17,839
Sewer	28,609	--	--	28,609
Electricity	61,613	--	--	61,613
Gas/Fuel	39,130	--	--	39,130
Maintenance fee expense - labor	86,050	6,298	--	92,348
Ordinary maintenance and operations - materials	50,716	20,082	--	70,798
Ordinary maintenance and operations - contracts	121,904	4,644	818	127,366
Maintenance fee expense - benefits	28,321	2,215	--	30,536
Insurance	41,057	4,147	4,937	50,141
Real estate taxes	80,103	--	--	80,103
Interest expense	171,866	--	--	171,866
Collection losses	1,365	--	--	1,365
Depreciation	160,652	3,031	5,336	169,019
<b>Total Expenses</b>	<b>\$ 1,121,231</b>	<b>\$ 61,366</b>	<b>\$ 135,455</b>	<b>\$ 1,318,052</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services		Supportive Services	
	Housing Programs	Comfortably Home Program	Management and General	Total
Administrative salaries	\$ --	\$ 10,968	55,354	\$ 66,322
Management fee	127,849	--	--	127,849
Auditing fees	9,895	1,453	1,152	12,500
Employee benefits contributions - Administrative	--	6,135	10,040	16,175
Legal	13,554	--	155	13,709
Accounting	7,071	--	22,086	29,157
Other operating - administrative	5,146	1,729	2,292	9,167
Grant expenditures	--	--	1,256	1,256
Tenant services Labor Fee	18,429	--	--	18,429
Water	16,522	--	--	16,522
Sewer	21,236	--	--	21,236
Electricity	58,778	--	--	58,778
Gas/Fuel	38,835	--	--	38,835
Maintenance fee expense - labor	120,376	37,149	--	157,525
Ordinary maintenance and operations - materials	84,949	36,587	5,152	126,688
Ordinary maintenance and operations - contracts	89,285	6,496	1,765	97,546
Maintenance fee expense - benefits	48,572	13,834	4,052	66,458
Insurance	43,057	975	--	44,032
Real estate taxes	69,350	--	--	69,350
Interest expense	165,935	--	--	165,935
Collection losses	31,894	--	--	31,894
Depreciation	147,745	4,550	4,819	157,114
<b>Total Expenses</b>	<b>\$ 1,118,478</b>	<b>\$ 119,876</b>	<b>\$ 108,123</b>	<b>\$ 1,346,477</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 775,855	\$ 341,799
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	169,019	157,114
Amortization of debt issuance costs	2,539	2,539
Net unrealized (gain) loss on investments	(31,012)	(49,292)
Net realized gain on sale of investments	(8,076)	(6,388)
Loss on sale of capital assets	50,161	--
Foregiveness of debt	(48,484)	--
Changes in operating assets and liabilities:		
Accounts receivable	1,758	66,935
Prepaid expenses	3,416	(10,217)
Accounts payable	(1,712)	(16,293)
Accounts payable - related party	5,408	(13,408)
Accrued interest payable	246	2,380
Tenant security deposit liability	1,404	15,532
Prepaid rents	5,254	2,392
<b>Net Cash Provided by Operating Activities</b>	<u>925,776</u>	<u>493,093</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of fixed assets	(774,790)	(1,540,924)
Proceeds from the sale of capital assets	156,439	--
Insurance proceeds	--	100,549
Sales of Investments	72,243	100,791
Purchases of Investments	(75,971)	(56,922)
<b>Net Cash (Used in) Investing Activities</b>	<u>(622,079)</u>	<u>(1,396,506)</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>Cash Flows from Financing Activities</b>		
Proceeds from mortgages and notes payable	\$ --	\$ 500,130
Repayments of mortgages and notes payable	(128,457)	(123,046)
Proceeds from line of credit	166,870	533,000
Repayments on line of credit	<u>(166,870)</u>	<u>--</u>
<b>Net Cash (Used In) Provided by Financing Activities</b>	<u>(128,457)</u>	<u>910,084</u>
<b>Net Increase in Cash, Cash Equivalents, and Restricted Cash</b>	175,240	6,671
<b>Cash, Cash Equivalents and Restricted Cash - Beginning</b>	<u>331,663</u>	<u>324,992</u>
<b>Cash, Cash Equivalents, and Restricted Cash - Ending</b>	<u><u>\$ 506,903</u></u>	<u><u>\$ 331,663</u></u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	<u><u>\$ 169,081</u></u>	<u><u>\$ 137,270</u></u>
<b>Noncash Investing and Financing Activities</b>		
Foregiveness of debt	<u><u>\$ 48,484</u></u>	<u><u>\$ --</u></u>
<b>Cash, Cash Equivalents, and Restricted Cash per Statement of Financial Position</b>		
Cash	\$ 274,762	\$ 110,597
Mortgage escrows	13,945	15,438
Replacement reserve	150,440	138,618
Other reserves	25,099	24,593
Tenant security deposits	<u>42,657</u>	<u>42,417</u>
<b>Total Cash, Cash Equivalents, and Restricted Cash per Statement of Financial Position</b>	<u><u>\$ 506,903</u></u>	<u><u>\$ 331,663</u></u>

*The accompanying notes are an integral part of these consolidated financial statements.*

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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#### NOTE 1 - ORGANIZATION

The Bath Housing Development Corporation (BHDC, or the Organization) is a tax-exempt organization, which was 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.

The Organization'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, Lincoln Street, Summer Street, Front Street, and Bath Housing Anchor Corporation. The Organization also runs the Comfortably Home Program to assist area elderly residents living at home.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *METHOD OF ACCOUNTING*

The consolidated financial statements are prepared utilizing the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows. The Organization reports information regarding its financial position and activities according to the following net asset classification:

***Net assets without donor restrictions:*** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

***Net assets with donor restrictions:*** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. At December 31, 2020 and 2019, the Organization had net assets with donor restrictions of \$77,751 and \$17,619, respectively.

# **BATH HOUSING DEVELOPMENT CORPORATION**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### ***BASIS OF CONSOLIDATION***

The accompanying consolidated financial statements include the accounts of the organization and Bath Housing Anchor Corporation (BHAC or the corporation). The Organization has full direct ownership and control of BHAC. All significant inter-company transactions and balances are eliminated in consolidation. BHAC is consolidated based on financial information at December 31, its reporting year-end.

##### ***CASH AND CASH EQUIVALENTS***

The Organization considers cash equivalents to be all highly liquid investments with a maturity of three months or less when purchased.

##### ***ACCOUNTS RECEIVABLE***

Accounts receivable from tenants are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management has reviewed all outstanding accounts for collectability and determined that the allowance for doubtful accounts at December 31, 2020 and 2019 is \$9,396 and \$41,057, respectively.

##### ***REVENUE RECOGNITION***

The Organization's primary revenue sources are as follows:

***Rental Revenue*** - The Organization receives rental revenue from units, which are reserved for tenants with low and very low income. Rental revenue is recognized as the rents are earned based on written tenant leases. Rental payments received in advance are deferred. All leases between the Organization and its tenants are operating leases. The Organization has also entered into multiple Housing Assistance Payment (HAP) Contracts with MaineHousing, which are funded by the U.S. Department of Housing and Urban Development (HUD) whereby it is entitled to a rent subsidy as defined in the contract. Subsidized tenants must meet Section 8 eligibility requirements and pay 30% of their adjusted income for rent.

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### ***REVENUE RECOGNITION (CONTINUED)***

Housing assistance payments subsidy income is considered part of the lease and is not considered a contribution under Accounting Standards Codification (ASC) 958 *Not-for-profit Entities*. This standard indicates that government payments to specifically identified participants are to be considered exchange transactions and potentially subject to ASC 606 *Revenues from Contracts with Customers*. The Organization believes that both rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under current and future lease standards.

***Grant Revenue*** – The Organization recognizes grant revenues in the period earned, which includes the period in which the Corporation has met any applicable donor-imposed conditions.

##### ***USE OF ESTIMATES***

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures. Actual amounts could differ from those estimates.

##### **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are carried at cost. It is the Organization's policy to depreciate items with a cost of \$500 or more. Depreciation is provided using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Building and improvements	10-40 years
Building equipment	5-10 years

##### ***IMPAIRMENT OF LONG-LIVED ASSETS***

Long-lived assets to be held and used by the Organization are reviewed for impairment when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The fair value of the asset is measured using available market prices. There were no impairment charges taken during the years ended December 31, 2020 and 2019.

# **BATH HOUSING DEVELOPMENT CORPORATION**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### ***INCOME TAXES***

No provision for taxes on income is made in the Organization's financial statements it is exempt from income taxes under I.R.C. Section 501(c)(3).

In accordance with accounting principles generally accepted in the United States of America, management has evaluated its exposure to uncertain tax positions and determined that there are no such tax positions requiring accounting recognition. Informational returns filed by the Organization 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.

##### ***ECONOMIC CONCENTRATIONS***

The Organization operates a housing complexes located in Bath, Maine. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

##### ***DEBT ISSUANCE COSTS***

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage loan payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense. Debt issuance costs are amortized over the life of the mortgage using the straight-line method, which approximates the effective interest method. For the years ended December 31, 2020 and 2019, amortization of the debt issuance costs was \$2,539. At December 31, 2020 and 2019, unamortized debt issuance costs were \$30,264 and \$32,803, respectively.

##### ***RECLASSIFICATIONS***

Certain prior year amount have been reclassified for consistency with the current period presentation. These reclassification had no effect on the reported change in net assets.

##### ***TRADEMARK***

The Organization holds 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 CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### ***CONCENTRATION OF CREDIT RISK***

Financial instruments that potentially subject the project to concentrations of credit risk consist primarily of checking and time deposit accounts with banks. These balances fluctuate greatly during the year and can exceed the \$250,000 limit of FDIC coverage. Management regularly monitors the financial institutions, together with their respective cash balances, and attempts to maintain this potential risk at a minimum. At December 31, 2020, Bath Housing Development Corporation's cash was fully insured.

##### ***INVESTMENTS***

Investments in marketable debt securities, equity securities, money market funds and mutual funds with readily determinable fair values are stated at fair value. Fair value is defined as the price paid that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities.

Gains and losses on sales of securities are determined based on the trade day price and are recorded in the statement of activities in the period in which the securities are sold. Dividend and interest income are recognized as earned. Realized and unrealized gains or losses are classified as nonoperating activity and are available to support operations in future years and to offset potential market declines.

##### ***FUNCTIONAL ALLOCATION OF EXPENSES***

The Organization allocates its expenses on a functional basis among program and supportive services. Expenses that can be identified with a specific program or supportive service are charged directly according to their natural expenditure classification. All other expenses are allocated based on square footage, estimates of time and effort, and other allocation metrics, depending on the nature of the expense.

##### ***SUBSEQUENT EVENTS***

Management has evaluated subsequent events through June 7, 2021, which is the date these financial statements were available to be issued. There were no subsequent events identified requiring recognition or disclosure in the financial statements.

# **BATH HOUSING DEVELOPMENT CORPORATION**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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#### **NOTE 3 - RESTRICTED DEPOSITS**

##### ***MORTGAGE ESCROWS***

The Organization maintains mortgage escrow deposits to ensure adequate funds are set aside to cover the cost of real estate taxes and property insurance. Required monthly deposits to this escrow account are \$4,224. At December 31, 2020 and 2019, the mortgage escrow deposits were funded with a collective balance of \$13,945 and \$15,438, respectively.

##### ***REPLACEMENT RESERVES***

The Organization is required to maintain replacement reserve account for Seacliff Apartments in accordance with the applicable loan documents. The replacement reserve funds are to be used for repairs and replacement of the property and can be drawn upon only with the authorization of the Department of Housing and Urban Development (HUD). Seacliff Apartments is required to make deposits to the replacement reserve equal to \$3,182 per month. At December 31, 2020 and 2019, the replacement reserves were funded with a collective balance of \$112,938 and \$120,144, respectively.

The Organization maintains separate replacement reserve accounts for properties that have received funding through the Community Development Block Grant Program (CDBG). At December 31, 2020 and 2019, these replacement reserves were funded with a collective balance of \$37,502 and \$18,474, respectively.

##### ***OTHER RESERVES***

In accordance with the regulatory agreement, Seacliff Apartments has funded an excess surplus cash reserve. The excess surplus cash funds are held by Maine State Housing Authority (MSHA) and can only be drawn with their approval. No deposits were made into the excess surplus cash account during the years ended December 31, 2020 and 2019. For the years ended December 31, 2020 and 2019, interest earned was \$49 and \$28, respectively. During the year ended December 31, 2020 withdrawals were \$90; there were no withdrawals during 2019. At December 31, 2020 and 2019, these reserves were funded with a collective balance of \$12,548 and \$12,589, respectively.

Under the terms of a Regulatory Agreement with MSHA, the Organization 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. At December 31, 2020 and 2019, these reserves were funded with a collective balance of \$12,551 and \$12,004, respectively.

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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#### NOTE 4 – INVESTMENTS

The Financial Accounting Standards Board has issued guidance that defines fair value, establishes a framework for measuring fair value, specifies a fair value hierarchy based on the inputs used to measure fair value, and specifies disclosure requirements for fair value measurements. The guidance also maximizes the use of observable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing an asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; or market corroborated inputs.

Level 3: Unobservable inputs for the asset or liability and should be used to measure fair value to the extent that relevant observable inputs are not available.

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 following is a description of valuation methodologies used for assets measured at fair value:

*Mutual funds and exchange traded funds (ETF's)* – Valued at the daily closing price as reported by the fund. Mutual funds held are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held are deemed to be actively traded.

*Corporate Bonds* - Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

#### NOTE 4 – INVESTMENTS (CONTINUED)

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, 2020 and 2019:

Investments by fair value level	12/31/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
Corporate bonds	\$ 52,681	\$ --	\$ 52,681	\$ --
Total Debt Securities	52,681	--	52,681	--
Mutual Funds:				
Fixed Income	35,748	35,748	--	--
Real Assets	4,214	4,214	--	--
Equity Securities	239,911	239,911	--	--
Total Mutual Funds	279,873	279,873	--	--
Total Investments by Fair Value Level	\$ 332,554	\$ 279,873	\$ 52,681	\$ --

Investments by fair value level	12/31/2029	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
Corporate bonds	\$ 50,728	\$ --	\$ 50,728	\$ --
Total Debt Securities	50,728	--	50,728	--
Mutual Funds:				
Fixed Income	47,828	47,828	--	--
Real Assets	3,729	3,729	--	--
Equity Securities	187,453	187,453	--	--
Total Mutual Funds	239,010	239,010	--	--
Total Investments by Fair Value Level	\$ 289,738	\$ 239,010	\$ 50,728	\$ --

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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#### NOTE 4 – INVESTMENTS (CONTINUED)

The return on investments for the years ended December 31, 2020 and 2019 consisted of the following:

	2020	2019
Interest and Dividends	\$ 5,151	\$ 6,739
Unrealized Gain (loss) on investments	31,012	49,291
Account Fees	(298)	(1,634)
Realized Gains	8,076	6,388
Total	<u>\$ 43,941</u>	<u>\$ 60,784</u>

#### NOTE 5 - LONG-TERM DEBT

A mortgage note payable to MSHA is due to mature on May 1, 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, 2020 and 2019 were \$97,978 and \$109,106, 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, 2020 and 2019 was \$103,043. Accrued interest on the note at both December 31, 2020 and 2019 was \$11,144.

A mortgage note payable to MSHA is due to mature on February 1, 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, 2020 and 2019 was \$115,009 and \$117,247, respectively.

A mortgage note payable to MSHA is due to mature on 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, 2020 and 2019 were \$74,313 and \$75,713, respectively.

# **BATH HOUSING DEVELOPMENT CORPORATION**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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#### **NOTE 5 - LONG-TERM DEBT (CONTINUED)**

A mortgage note payable to MSHA was originally due to mature on 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 to mature on March 1, 2048. Monthly payments of principal and interest of \$1,274 are due through maturity. The note balances at December 31, 2020 and 2019 were \$143,914 and \$146,343, respectively.

A mortgage note payable to MSHA was originally due to mature on 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, 2020 and 2019 were \$163,023 and \$165,749, respectively.

A mortgage note payable to MSHA is due to mature on November 30, 2020 and is secured by residential rental property at 57 Chestnut Street in Bath. The note is in accordance with MSHA'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. During the year ended December 31, 2020, this loan was forgiven with the sale of the property. The note balance at December 31, 2019 was \$48,484.

A mortgage note payable to MSHA was originally due to mature on March 1, 2020. The mortgage note is secured by residential rental property at 41-43 Lincoln Street in Bath. The note is guaranteed by Bath Housing Authority. The original note bore interest at 3% per annum and required 24 monthly interest only payments of \$750 commencing April 1, 2018 until March 1, 2020 when the remaining principal and interest was due. The mortgage note was modified effective February 1, 2020 to bear interest at 5% with monthly payments of principal and interest of \$1,610 commencing March 1, 2020 through maturity on February 1, 2050. The note balance at both December 31, 2020 and 2019 was \$296,327 and \$300,000, respectively.

# **BATH HOUSING DEVELOPMENT CORPORATION**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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#### **NOTE 5 - LONG-TERM DEBT (CONTINUED)**

A mortgage note payable to MSHA was used to fund the purchase of the Moses and Columbia Blocks property located at 176 to 194 Front Street in Bath in May 2019. The note is due to mature on 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 required 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 at which time the remaining outstanding balance plus accrued interest will be due and payable in full. The mortgage note was modified effective May 2021 which extended the maturity date to January 1, 2022. The note balance at December 31, 2020 and 2019 was \$500,000.

A mortgage note payable to Bath Savings Institution is due to mature on 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, 2020 and 2019 were \$1,089,663 and \$1,150,308, respectively.

A mortgage note payable to Bath Housing Authority is due to mature on 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, 2020 and 2019 were \$688,379 and \$732,597, respectively.

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 (2.153% and 3.70% as of December 31, 2020 and 2019, respectively). Any accrued unpaid interest is due monthly, with outstanding principal due upon lender's demand. During 2020, the Organization had draws on the line of credit of \$166,870 and repaid \$166,870. The outstanding balance payable as of December 31, 2020 and 2019 was \$533,130.

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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#### NOTE 5 - LONG-TERM DEBT (CONTINUED)

Maturities of the long-term debt in the aggregate and for each of the next five years are as follows:

	<u>Principal</u>
2021	\$ 669,510
2022	643,160
2023	150,487
2024	158,202
2025	166,324
Thereafter	<u>2,017,096</u>
Total Principal payments	3,804,779
Debt issuance costs, net	<u>(30,264)</u>
Less current portion	<u>(669,510)</u>
Long-term debt	<u><u>\$ 3,105,005</u></u>

#### NOTE 6 – HOUSING ASSISTANCE PAYMENTS CONTRACT

The Department of Housing and Urban Development (HUD) has contracted with the Organization to make housing assistance payments on behalf of qualified tenants residing at Seacliff Apartments. The contract, dated October 1, 2012, is for a twenty-year period through October 31, 2032. Effective October 1, 2020, annual contract rents were \$806,268. For the years ended December 31, 2020 and 2019, housing assistance payments totaled \$605,084 and \$504,423, respectively.

In accordance with HUD Housing Notice H-2012-14, the project may be required to use funds in the excess surplus cash account to offset housing assistance payments or these funds may be recaptured. Balances in excess of \$250 per unit (\$12,500) are subject to recapture or to offset housing assistance payments. At December 31, 2020 and 2019, the amount subject to recapture or to offset housing assistance payments was \$48 and \$90, respectively.



# **BATH HOUSING DEVELOPMENT CORPORATION**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

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#### **NOTE 7 - RELATED PARTY TRANSACTIONS**

The Bath Housing Authority (BHA) is considered a related party as minority of the directors of BHDC also serve on the Authority's Board of Commissioners. BHDC is fiscally independent of the BHA and is not a component unit of the Authority.

The Authority acts as the management agent for properties owned by the Organization. The Organization incurs a management for the services provided by BHA. In addition, the Authority is reimbursed administrative and maintenance services performed. The Organization incurred \$143,046 and \$127,849 of management fees during the years ended December 31, 2020 and 2019. The Organization reimbursed BHA for administrative and maintenance services of \$276,165 and \$320,508 for the years ended December 31, 2020 and 2019.

The Organization leases office space to BHA. The initial lease term was for a three year period ending on December 31, 2020 and automatically renews for two successive terms of three years provided BHA is not in default. The annual rent for the term of the lease is \$28,800 payable in monthly payments of \$2,400. For the years ended December 31, 2020 and 2019, rental revenue earned by the Organization was \$28,800 for the years.

At December 31, 2020 and 2019, the Organization owed BHA \$64,897 and \$59,489 for services provided by BHA.

#### **NOTE 8 – NET ASSETS WITH RESTRICTIONS**

At December 31, 2020 and 2019, 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 CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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#### NOTE 9 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization monitors its liquidity so it is able to meet its operating needs and other contractual commitments. The Organization has the following financial assets at December 31, 2020 and 2019 that could readily be made available within one year of the statement of financial position to fund general operating expense:

	2020	2019
Cash	\$ 274,762	\$ 110,597
Investments	332,554	289,738
Tenant Security Deposits	42,657	42,417
Restricted reserves	189,484	178,649
Accounts receivable	<u>4,897</u>	<u>6,655</u>
Total Financial Assets	<u>844,354</u>	<u>628,056</u>
Financial assets not available for general expenditures:		
Tenant security deposits	(42,657)	(42,417)
Restricted reserves	<u>(189,484)</u>	<u>(178,649)</u>
	<u>(232,141)</u>	<u>(221,066)</u>
Financial assets available to meet cash		
needs for general expenditures within one year	<u>\$ 612,213</u>	<u>\$ 406,990</u>

The Organization also has a line of credit agreement with Peoples United Bank for up to \$700,000 that could be drawn upon to meet cash needs for general expenditures within one year. As of December 31, 2020 and 2019, the outstanding balance on the line of credit is \$533,130 and the balance available to be drawn upon is \$166,870. The outstanding principal balance is due upon lender's demand. The Organization does not expect the lender to demand payment of the outstanding balance in 2021.

# BATH HOUSING DEVELOPMENT CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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#### NOTE 10 – ECONOMIC UNCERTAINTIES

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of business across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty about the duration of closings. The Organization has been able to continue most of its operations in a remote environment, however, at this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

#### NOTE 11 – OPERATING LEASE AGREEMENTS

Bath Housing Anchor Corporation leases commercial space to a number tenants under separate non-cancelable lease agreements. The lease agreements terminate at various dates through July 2024. The base rent includes escalating lease payments. The base rent due for the next four years is as follows:

2021	\$	113,107
2022		112,532
2023		106,759
2024		<u>5,887</u>
Total	\$	<u>338,285</u>

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION DECEMBER 31, 2020

	Bath Housing Development Corporation	Seacliff Apartments	Bath Housing Anchor Corporation	Eliminations	Total
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 126,024	\$ 125,889	\$ 22,849	\$ --	\$ 274,762
Investments	332,554	--	--	--	332,554
Accounts receivable, net of allowance	12,465	4,326	--	(11,894)	4,897
Prepaid expenses	21,416	--	--	--	21,416
<b>Total Current Assets</b>	<b>492,459</b>	<b>130,215</b>	<b>22,849</b>	<b>(11,894)</b>	<b>633,629</b>
<b>Tenant Security Deposits</b>	<b>31,653</b>	<b>11,004</b>	<b>--</b>	<b>--</b>	<b>42,657</b>
<b>Restricted Deposits and Funded Reserves</b>					
Mortgage escrows	--	13,945	--	--	13,945
Replacement reserve	37,502	112,938	--	--	150,440
Other reserves	12,551	12,548	--	--	25,099
<b>Total Restricted Deposits and Funded Reserves</b>	<b>50,053</b>	<b>139,431</b>	<b>--</b>	<b>--</b>	<b>189,484</b>
<b>Property, Plant and Equipment</b>					
Land and land improvements	842,275	1,318,647	--	--	2,160,922
Buildings and improvements	2,675,200	2,214,394	--	--	4,889,594
Building equipment	42,525	133,329	--	--	175,854
Construction in process	906,673	--	--	--	906,673
<b>Total Property, Plant and Equipment</b>	<b>4,466,673</b>	<b>3,666,370</b>	<b>--</b>	<b>--</b>	<b>8,133,043</b>
Less: accumulated depreciation	(595,039)	(545,794)	--	--	(1,140,833)
<b>Property, Plant and Equipment, Net</b>	<b>3,871,634</b>	<b>3,120,576</b>	<b>--</b>	<b>--</b>	<b>6,992,210</b>
<b>Total Assets</b>	<b>\$ 4,445,799</b>	<b>\$ 3,401,226</b>	<b>\$ 22,849</b>	<b>\$ (11,894)</b>	<b>\$ 7,857,980</b>

*See Independent Auditor's Report*

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED) DECEMBER 31, 2020

	Bath Housing Development Corporation	Seacliff Apartments	Bath Housing Anchor Corporation	Eliminations	Total
<b>Current Liabilities</b>					
Accounts payable - operations	\$ 16,332	8,885	\$ 286	\$ --	\$ 25,503
Accounts payable - related party	27,096	40,284	9,411	(11,894)	64,897
Accrued interest payable - current portion	5,243	501	--	--	5,744
Line of credit	533,130	--	--	--	533,130
Mortgages payable - current portion	25,181	111,199	--	--	136,380
Prepaid rent	3,284	605	6,497	--	10,386
<b>Total Current Liabilities</b>	<b>610,266</b>	<b>161,474</b>	<b>16,194</b>	<b>(11,894)</b>	<b>776,040</b>
<b>Tenant Security Deposit Liabilities</b>	<b>31,653</b>	<b>11,004</b>	<b>--</b>	<b>--</b>	<b>42,657</b>
<b>Long-Term Liabilities</b>					
Mortgages payable - net of current portion	1,468,426	1,666,843	--	--	3,135,269
Less: unamortized debt issuance costs	--	(30,264)	--	--	(30,264)
Accrued interest payable - net of current portion	11,144	--	--	--	11,144
<b>Total Long-Term Liabilities</b>	<b>1,479,570</b>	<b>1,636,579</b>	<b>--</b>	<b>--</b>	<b>3,116,149</b>
<b>Total Liabilities</b>	<b>2,121,489</b>	<b>1,809,057</b>	<b>16,194</b>	<b>(11,894)</b>	<b>3,934,846</b>
<b>Net Assets</b>					
Without Donor Restrictions	2,246,559	1,592,169	6,655	--	3,845,383
With Donor Restrictions	77,751	--	--	--	77,751
<b>Total Net Assets</b>	<b>2,324,310</b>	<b>1,592,169</b>	<b>6,655</b>	<b>--</b>	<b>3,923,134</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,445,799</b>	<b>\$ 3,401,226</b>	<b>\$ 22,849</b>	<b>\$ (11,894)</b>	<b>\$ 7,857,980</b>

*See Independent Auditor's Report*

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION DECEMBER 31, 2019

	Bath Housing Development Corporation	Seacliff Apartments	Bath Housing Anchor Corporation	Eliminations	Total
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 40,976	\$ 61,379	\$ 8,242	\$ --	\$ 110,597
Investments	289,738	--	--	--	289,738
Accounts receivable, net of allowance	4,795	1,860	--	--	6,655
Prepaid expenses	24,832	--	--	--	24,832
<b>Total Current Assets</b>	<b>360,341</b>	<b>63,239</b>	<b>8,242</b>	<b>--</b>	<b>431,822</b>
<b>Tenant Security Deposits</b>	<b>31,301</b>	<b>11,116</b>	<b>--</b>	<b>--</b>	<b>42,417</b>
<b>Restricted Deposits and Funded Reserves</b>					
Mortgage escrows	--	15,438	--	--	15,438
Replacement reserve	18,474	120,144	--	--	138,618
Other reserves	12,004	12,589	--	--	24,593
<b>Total Restricted Deposits and Funded Reserves</b>	<b>30,478</b>	<b>148,171</b>	<b>--</b>	<b>--</b>	<b>178,649</b>
<b>Property, Plant and Equipment</b>					
Land and land improvements	890,781	1,318,647	--	--	2,209,428
Buildings and improvements	2,675,200	2,127,449	--	--	4,802,649
Building equipment	42,525	133,329	--	--	175,854
Construction in process	370,500	6,422	--	--	376,922
<b>Total Property, Plant and Equipment</b>	<b>3,979,006</b>	<b>3,585,847</b>	<b>--</b>	<b>--</b>	<b>7,564,853</b>
Less: accumulated depreciation	(522,347)	(449,467)	--	--	(971,814)
<b>Property, Plant and Equipment, Net</b>	<b>3,456,659</b>	<b>3,136,380</b>	<b>--</b>	<b>--</b>	<b>6,593,039</b>
<b>Total Assets</b>	<b>\$ 3,878,779</b>	<b>\$ 3,358,906</b>	<b>\$ 8,242</b>	<b>\$ --</b>	<b>\$ 7,245,927</b>

*See Independent Auditor's Report*

# BATH HOUSING DEVELOPMENT CORPORATION

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED) DECEMBER 31, 2019

	Bath Housing Development Corporation	Seacliff Apartments	Bath Housing Anchor Corporation	Eliminations	Total
<b>Current Liabilities</b>					
Accounts payable - operations	\$ 16,736	7,551	\$ 2,928	\$ -	\$ 27,215
Accounts payable - related party	37,573	21,916	--	--	59,489
Accrued interest payable - current portion	4,968	530	--	--	5,498
Line of credit	533,130	--	--	--	533,130
Mortgages payable - current portion	68,447	101,991	--	--	170,438
Prepaid rent	2,777	489	1,866	--	5,132
<b>Total Current Liabilities</b>	<b>663,631</b>	<b>132,477</b>	<b>4,794</b>	<b>--</b>	<b>800,902</b>
<b>Tenant Security Deposit Liabilities</b>	<b>29,910</b>	<b>11,343</b>	<b>--</b>	<b>--</b>	<b>41,253</b>
<b>Long-Term Liabilities</b>					
Mortgages payable - net of current portion	1,497,238	1,780,914	--	--	3,278,152
Less: unamortized debt issuance costs	--	(32,803)	--	--	(32,803)
Accrued interest payable - net of current portion	11,144	--	--	--	11,144
<b>Total Long-Term Liabilities</b>	<b>1,508,382</b>	<b>1,748,111</b>	<b>--</b>	<b>--</b>	<b>3,256,493</b>
<b>Total Liabilities</b>	<b>2,201,923</b>	<b>1,891,931</b>	<b>4,794</b>	<b>--</b>	<b>4,098,648</b>
<b>Net Assets</b>					
Without Donor Restrictions	1,659,237	1,466,975	3,448	--	3,129,660
With Donor Restrictions	17,619	--	--	--	17,619
<b>Total Net Assets</b>	<b>1,676,856</b>	<b>1,466,975</b>	<b>3,448</b>	<b>--</b>	<b>3,147,279</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,878,779</b>	<b>\$ 3,358,906</b>	<b>\$ 8,242</b>	<b>\$ --</b>	<b>\$ 7,245,927</b>

*See Independent Auditor's Report*

# BATH HOUSING DEVELOPMENT CORPORATION

## SCHEDULE OF REVENUE AND FUNCTIONAL EXPENSE FOR THE YEAR ENDED DECEMBER 31, 2020

	Supportive Services		Program Services										Bath Housing Anchor Corporation		Comfortably Home Program	Eliminations	Total
	Management & General	19 Oak Street	822, 832, 842 Middle Street	806 Middle Street	Seacliff Apartments	49 Elm Street	28 Maple Street	470 Washington Street	Lincoln Street	Summer Street	Front Street						
<b>Revenues, Gains, and Other Support</b>																	
Housing Assistance Payments	\$ --	\$ --	\$ --	\$ --	\$ 605,084	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 605,084	
Rental Revenues	28,800	52,184	75,639	27,276	169,676	28,267	29,796	33,408	59,948	109,385	67,890	96,443	--	(67,890)	--	710,822	
Grant Income	599,461	--	--	--	--	--	--	--	--	--	--	--	130,193	--	--	729,654	
Investment Income	44,149	--	--	--	807	--	--	--	--	--	--	--	--	--	--	44,956	
Loss on sale of capital assets	(50,161)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(50,161)	
Other Income	46,160	--	--	--	7,229	--	--	--	--	--	--	163	--	--	--	53,552	
<b>Total Revenues, Gains, and Other Support</b>	<b>668,409</b>	<b>52,184</b>	<b>75,639</b>	<b>27,276</b>	<b>782,796</b>	<b>28,267</b>	<b>29,796</b>	<b>33,408</b>	<b>59,948</b>	<b>109,385</b>	<b>67,890</b>	<b>96,606</b>	<b>130,193</b>	<b>(67,890)</b>	<b>--</b>	<b>2,093,907</b>	
<b>Administrative</b>																	
Administrative salaries	81,808	--	--	--	--	--	--	--	--	--	--	--	--	14,675	--	96,483	
Management fee	--	5,218	9,077	2,728	92,971	2,827	2,980	3,341	5,995	10,939	--	6,970	--	--	--	143,046	
Auditing fees	956	550	804	276	5,500	285	318	334	612	1,070	688	--	1,307	--	--	12,700	
Employee benefits contributions - Administrative	20,134	--	--	--	--	--	--	--	--	--	--	--	3,063	--	--	23,197	
Legal	--	100	--	--	8,284	--	--	194	--	--	--	15	--	--	--	8,593	
Staff Training	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Accounting	5,636	1,086	1,582	570	21,811	564	626	659	1,204	2,139	1,351	--	1,814	--	--	39,042	
Other operating - administrative	1,980	--	--	--	2,548	--	--	--	--	--	--	68,890	90	(67,890)	--	5,618	
Grant expenditures	13,850	--	--	--	--	--	--	--	--	--	--	--	--	--	--	13,850	
<b>Total Administrative</b>	<b>124,364</b>	<b>6,954</b>	<b>11,463</b>	<b>3,574</b>	<b>131,114</b>	<b>3,676</b>	<b>3,924</b>	<b>4,528</b>	<b>7,811</b>	<b>14,148</b>	<b>2,039</b>	<b>75,875</b>	<b>20,949</b>	<b>(67,890)</b>	<b>--</b>	<b>342,529</b>	
<b>Tenant Services</b>																	
Tenant services	--	--	--	--	34,790	--	--	--	--	--	--	--	--	--	--	34,790	
Employee benefits	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
<b>Total Tenant Services</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>34,790</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>34,790</b>	
<b>Utilities</b>																	
Water	335	923	1,387	690	7,588	737	1,199	522	2,488	1,936	--	34	--	--	--	17,839	
Sewer	349	1,199	1,802	1,097	12,640	1,199	2,202	731	4,369	2,550	--	471	--	--	--	28,609	
Electricity	--	4,840	928	277	45,306	2,004	878	1,088	1,093	3,159	--	2,040	--	--	--	61,613	
Gas/Fuel	--	38	4,924	1,401	2,503	2,475	2,080	1,246	4,347	11,700	--	8,416	--	--	--	39,130	
<b>Total Utilities</b>	<b>684</b>	<b>7,000</b>	<b>9,041</b>	<b>3,465</b>	<b>68,037</b>	<b>6,415</b>	<b>6,359</b>	<b>3,587</b>	<b>12,297</b>	<b>19,345</b>	<b>--</b>	<b>10,961</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>147,191</b>	
<b>Maintenance</b>																	
Maintenance fee expense - labor	--	4,831	7,731	1,931	49,332	1,931	1,931	2,900	5,801	9,662	--	--	6,298	--	--	92,348	
Ordinary maintenance and operations - materials	--	3,031	5,452	1,212	26,489	1,212	1,520	1,819	3,639	6,342	--	--	20,082	--	--	70,798	
Ordinary maintenance and operations - contracts	818	3,302	4,836	422	77,342	4,832	4,730	4,446	3,453	11,978	--	6,563	4,644	--	--	127,366	
Maintenance fee expense - benefits	--	1,609	2,574	643	16,095	643	643	966	1,931	3,217	--	--	2,215	--	--	30,536	
<b>Total Maintenance</b>	<b>818</b>	<b>12,773</b>	<b>20,593</b>	<b>4,208</b>	<b>169,258</b>	<b>8,618</b>	<b>8,824</b>	<b>10,131</b>	<b>14,824</b>	<b>31,199</b>	<b>--</b>	<b>6,563</b>	<b>33,239</b>	<b>--</b>	<b>--</b>	<b>321,048</b>	
<b>General Expenses</b>																	
Insurance	4,937	1,747	2,553	878	24,574	906	1,010	1,062	2,742	3,397	2,188	--	4,147	--	--	50,141	
Real estate taxes	--	5,986	5,107	--	35,000	--	--	2,620	--	5,325	26,065	--	--	--	--	80,103	
Interest expense	--	--	4,126	5,810	97,754	3,749	7,235	8,214	14,401	9,825	20,752	--	--	--	--	171,866	
Collection losses	--	--	87	--	748	--	--	530	--	--	--	--	--	--	--	1,365	
Depreciation	5,336	5,558	12,270	3,753	96,327	4,905	10,632	5,587	6,236	--	15,384	--	3,031	--	--	169,019	
<b>Total General</b>	<b>10,273</b>	<b>13,291</b>	<b>24,143</b>	<b>10,441</b>	<b>254,403</b>	<b>9,560</b>	<b>18,877</b>	<b>18,013</b>	<b>23,379</b>	<b>18,547</b>	<b>64,389</b>	<b>--</b>	<b>7,178</b>	<b>--</b>	<b>--</b>	<b>472,494</b>	
<b>Total Expenses</b>	<b>136,139</b>	<b>40,018</b>	<b>65,240</b>	<b>21,688</b>	<b>657,602</b>	<b>28,269</b>	<b>37,984</b>	<b>36,259</b>	<b>58,311</b>	<b>83,239</b>	<b>66,428</b>	<b>93,399</b>	<b>61,366</b>	<b>(67,890)</b>	<b>--</b>	<b>1,318,052</b>	
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 532,270</b>	<b>\$ 12,166</b>	<b>\$ 10,399</b>	<b>\$ 5,588</b>	<b>\$ 125,194</b>	<b>\$ (2)</b>	<b>\$ (8,188)</b>	<b>\$ (2,851)</b>	<b>\$ 1,637</b>	<b>\$ 26,146</b>	<b>\$ 1,462</b>	<b>\$ 3,207</b>	<b>\$ 68,827</b>	<b>\$ --</b>	<b>\$ 775,855</b>		

*See Independent Auditor's Report*



# BATH HOUSING DEVELOPMENT CORPORATION

## SCHEDULE OF REVENUE AND FUNCTIONAL EXPENSE FOR THE YEAR ENDED DECEMBER 31, 2019

	Supportive Services		Program Services											Eliminations	Total
	Management & General	19 Oak Street	822, 832, 842 Middle Street	806 Middle Street	Seacliff Apartments	49 Elm Street	28 Maple Street	470 Washington Street	Lincoln Street	Summer Street	Front Street	Bath Housing Anchor Corporation	Comfortably Home Program		
<b>Revenues, Gains, and Other Support</b>															
Housing Assistance Payments	\$ --	\$ --	\$ --	\$ --	\$ 504,423	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 504,423
Rental Revenues	28,800	51,022	69,379	25,494	217,306	25,808	29,594	29,793	47,623	60,484	41,307	57,684	--	(41,307)	642,987
Grant Income	332,215	--	--	--	--	--	--	--	--	--	--	--	120,000	--	452,215
Investment Income	62,906	--	--	--	4,573	--	--	--	--	--	--	--	--	--	67,479
Loss on sale of capital assets	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Other Income	11,760	--	--	--	9,412	--	--	--	--	--	--	--	--	--	21,172
<b>Total Revenues, Gains, and Other Support</b>	<b>435,681</b>	<b>51,022</b>	<b>69,379</b>	<b>25,494</b>	<b>735,714</b>	<b>25,808</b>	<b>29,594</b>	<b>29,793</b>	<b>47,623</b>	<b>60,484</b>	<b>41,307</b>	<b>57,684</b>	<b>120,000</b>	<b>(41,307)</b>	<b>1,688,276</b>
<b>Administrative</b>															
Administrative salaries	55,354	--	--	--	--	--	--	--	--	--	--	--	10,968	--	66,322
Management fee	--	6,123	8,325	3,059	87,194	3,097	3,551	3,575	5,715	7,210	--	--	--	--	127,849
Auditing fees	1,152	540	812	284	5,400	--	353	--	--	--	--	--	--	--	8,541
Employee benefits contributions - Administrative	10,040	--	--	--	--	--	--	--	--	--	--	--	6,135	--	16,175
Legal	155	--	954	6,928	5,101	--	--	--	--	--	--	571	--	--	13,709
Staff Training	--	--	--	--	--	--	--	--	--	--	--	--	452	--	452
Accounting	22,086	--	--	--	7,071	292	--	378	649	685	502	--	1,453	--	33,116
Other operating - administrative	2,292	--	--	--	2,418	--	--	--	--	--	--	42,365	1,277	(41,307)	7,045
Grant expenditures	1,256	--	--	--	--	--	--	--	--	--	--	--	--	--	1,256
<b>Total Administrative</b>	<b>92,335</b>	<b>6,663</b>	<b>10,091</b>	<b>10,271</b>	<b>107,184</b>	<b>3,389</b>	<b>3,904</b>	<b>3,953</b>	<b>6,364</b>	<b>7,895</b>	<b>502</b>	<b>42,936</b>	<b>20,285</b>	<b>(41,307)</b>	<b>274,465</b>
<b>Tenant Services</b>															
Tenant services	--	--	--	--	14,790	--	--	--	--	--	--	--	--	--	14,790
Employee benefits	--	--	--	--	3,290	--	--	--	--	--	--	--	--	--	3,290
<b>Total Tenant Services</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>18,080</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>18,080</b>
<b>Utilities</b>															
Water	--	1,060	1,561	862	6,771	690	714	679	1,419	2,005	--	761	--	--	16,522
Sewer	--	1,499	1,803	1,455	10,705	1,090	1,140	1,065	2,258	170	--	51	--	--	21,236
Electricity	--	2,867	1,298	318	45,981	835	2,288	1,263	1,189	2,097	--	642	--	--	58,778
Gas/Fuel	--	2,678	4,214	2,266	2,476	3,517	1,804	1,607	5,127	5,704	--	9,442	--	--	38,835
<b>Total Utilities</b>	<b>--</b>	<b>8,104</b>	<b>8,876</b>	<b>4,901</b>	<b>65,933</b>	<b>6,132</b>	<b>5,946</b>	<b>4,614</b>	<b>9,993</b>	<b>9,976</b>	<b>--</b>	<b>10,896</b>	<b>--</b>	<b>--</b>	<b>135,371</b>
<b>Maintenance</b>															
Maintenance fee expense - labor	--	8,822	9,802	4,901	67,640	4,901	6,859	5,880	7,843	3,728	--	--	37,149	--	157,525
Ordinary maintenance and operations - materials	5,152	3,508	9,740	3,809	52,614	2,022	4,851	5,274	3,315	1,701	--	--	36,587	--	128,573
Ordinary maintenance and operations - contracts	1,765	4,554	8,481	1,425	63,741	2,401	160	2,555	2,174	3,424	--	504	6,496	--	97,680
Maintenance fee expense - benefits	--	3,571	3,965	1,984	27,374	1,984	2,776	2,378	3,174	1,366	--	--	13,834	--	62,406
<b>Total Maintenance</b>	<b>6,917</b>	<b>20,455</b>	<b>31,988</b>	<b>12,119</b>	<b>211,369</b>	<b>11,308</b>	<b>14,646</b>	<b>16,087</b>	<b>16,506</b>	<b>10,219</b>	<b>--</b>	<b>504</b>	<b>94,066</b>	<b>--</b>	<b>446,184</b>
<b>General Expenses</b>															
Insurance	4,052	3,378	3,882	1,412	21,259	1,295	1,518	1,341	5,464	1,196	2,312	--	975	--	48,084
Real estate taxes	--	6,212	5,708	--	35,000	--	--	1,896	5,081	15,453	--	--	--	--	69,350
Interest expense	--	--	4,949	6,115	102,139	4,127	7,994	9,027	9,726	7,521	14,337	--	--	--	165,935
Collection losses	--	17,949	--	367	8,983	3,353	--	(15)	1,257	--	--	--	--	--	31,894
Depreciation	4,819	5,558	12,864	3,753	87,954	4,905	10,632	5,587	6,236	--	10,256	--	4,550	--	157,114
<b>Total General</b>	<b>8,871</b>	<b>33,097</b>	<b>27,403</b>	<b>11,647</b>	<b>255,335</b>	<b>13,680</b>	<b>20,144</b>	<b>17,836</b>	<b>27,764</b>	<b>24,170</b>	<b>26,905</b>	<b>--</b>	<b>5,525</b>	<b>--</b>	<b>472,377</b>
<b>Total Expenses</b>	<b>108,123</b>	<b>68,319</b>	<b>78,358</b>	<b>38,938</b>	<b>657,901</b>	<b>34,509</b>	<b>44,640</b>	<b>42,490</b>	<b>60,627</b>	<b>52,260</b>	<b>27,407</b>	<b>54,336</b>	<b>119,876</b>	<b>(41,307)</b>	<b>1,346,477</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 327,558</b>	<b>\$ (17,297)</b>	<b>\$ (8,979)</b>	<b>\$ (13,444)</b>	<b>\$ 77,813</b>	<b>\$ (8,701)</b>	<b>\$ (15,046)</b>	<b>\$ (12,697)</b>	<b>\$ (13,004)</b>	<b>\$ 8,224</b>	<b>\$ 13,900</b>	<b>\$ 3,348</b>	<b>\$ 124</b>	<b>\$ --</b>	<b>\$ 341,799</b>

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